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BULLETIN 1 a.m.

Challenger's crew found

CAPE CANAVERAL (Reuter). – Divers have found the shuttle Challenger's crew compartment with the remains of the seven astronauts still inside, the U.S. Space Agency announced last night.

The Challenger was located in 30 metres of water on Friday by sonar then divers went to work to make a positive identification. The shuttle blew up shortly after take-off from Cape Canaveral on January 28.

IDF soldier killed in S. Lebanon clash

By MENAHEM HOROWITZ and JOSHUA BRILLIANT

ZARIT. – Shouting "*Allahu Akbar*" ("God is great"), an enemy gunman threw hand-grenades at IDF soldiers in the South Lebanon security zone Saturday night, killing Samal (Sergeant) Yisrael Sadan and wounding five others.

Two enemy gunmen were also killed in the clash with the IDF unit. A third gunman was wounded but escaped.

The incident occurred close to midnight Saturday, five kilometres north of the border in the central sector of the security zone, when the soldiers spotted the gunmen advancing towards them.

The soldiers fired at the men, hitting two of them. But the third member of the group, who was hiding, threw the grenades and fired his automatic weapon when the Israelis were only a few metres away. Sadan was killed instantly and five others were wounded.

One of the soldiers suffered head injuries and was in critical condition last night at Rambam Hospital in Haifa. Another soldier with head wounds was also in the Haifa hospital: the other three were in the Nahariya government hospital.

The bearded terrorists were dressed in civilian clothes and appeared to be in their late 20s. They carried explosives and equipment for night fighting. They also carried copies of the Koran, which pointed to their possible link with the extremist Shi'ite group Hizbollah.

Sadan, 21, of Jerusalem, is to be buried at 3 p.m. today at the military cemetery on Mount Herzl in the capital.

OC Northern Command Aluf Ori Orr, who visited the scene of the firefight, said that the soldiers had followed the orders given to them and that their conduct was "impeccable."

Orr recently decided to relieve of his command the officer who was in charge of a convoy from which two soldiers were kidnapped last month in the security zone.

The officer was travelling in one car of the convoy when the soldiers' car was attacked. Orr determined that the officer failed to follow standing orders to storm the attackers.



In the front row at the Herut Party convention which opened in Jerusalem's Binyenei Ha'uma last night are, left to right, Prime Minister Shimon Peres, Vice Premier Yitzhak Shamir and Housing Minister David Levy. (Rahamim Israeli)

Levy claims the mantle

Begin endorses Shamir as top man for Herut

By BENNY MORRIS and ROBERT ROSENBERG
Jerusalem Post Reporters

Menachem Begin, the man who wasn't there, stole the show last night at the opening of the Herut Party convention in Jerusalem by endorsing Foreign Minister Yitzhak Shamir as leader of the divided party.

Shamir, for his part, called for party unity but devoted the bulk of his address to foreign policy, stressing hardline Herut positions.

Begin's message to the convention was read out by Yoram Aridor, chairman of the party's secretariat, who opened the proceedings in the packed main hall of Binyanei Ha'uma.

The former prime minister expressed regret for being unable to attend, and declared that he was not presenting himself as a candidate for the chairmanship of the party. He hoped that "the party would emerge strengthened from the convention and united under the leadership of Yitzhak Shamir."

Despite Begin's endorsement of Shamir, the factional differences that have wracked the party over the past week were never far from the surface.

The rhetoric of unity could not hide the palpable tension in the hall. Each mention by one Herut leader of another during the speeches seemed loaded with significance – or at least the delegates were searching for such significance and trying to understand how it might affect the leadership struggle.

Even before Aridor read out the Begin message, observers in the convention hall noted that only a few hundred people appeared to be enthusiastic Levy supporters.

David Levy claimed that he was the one to continue the Begin way. "I want to say," he said in a direct appeal to Begin, "happy is the man who retires knowing he has someone to continue for him – and you have a person to continue for you." Thus Levy ended a speech in which he had attacked the Likud's partnership with the Labour Party in the national unity government, saying that, if the coalition "doesn't solve the unemployment problem, it has no right to exist."

But the focus of Levy's speech was an attack on those in Herut "who have no appreciation for all the thousands of new members" who "came into my movement, my party."

Turning to the old guard of Herut, which is led by Shamir, Levy said that "Herut will remain as you knew it. But know this, new forces are joining and no movement has had such a growth in new members seeking their way to us. How can those who claim to want what's good for the movement attack, subvert, and oppose those who carry the flag of the movement's rejuvenation?"

Levy tried to match Shamir's foreign policy speech with his own comments on what he described as the "humiliating" policy of "those who make initiatives towards Hussein."

"We have learned that any initiative towards Hussein brings him closer to Arafat or to Assad."

Trade and Industry Minister Ariel Sharon, who went into the convention in an alliance with Levy, chose not to speak, while Minister without Portfolio Moshe Arens, greeted lukewarmly by the tired audience at the end of the evening reaffirmed his support for Shamir.

Sharon's silence was regarded apprehensively by both Levy and Shamir aides, each speculating on the significance of Sharon's decision.

The festive opening was attended by almost 2,000 delegates, by most of the cabinet, including Prime

(Continued on back page)

Sarah Honig on pre-convention dissent, Page 2

A generation gap at the convention

By ROBERT ROSENBERG

The wise old man of Herut, Yohanan Bader, remembered another convention from 65 years before, of a party very different from the one he attended last night.

He was a Bund delegate at the Socialist International – this was before he found his mentor in Zeev Jabotinsky and became a Revisionist – and that convention was as stormy as the one everybody is expecting this week in Herut.

But there was no split – at least not 65 years ago. It happened a year later, and thus, said Bader last night as he sat in the second row of Binyenei Ha'uma, almost deaf at 85 but still clear of mind, "the Second International became known as the Second-and-a-Half International."

It was the kind of story that Menachem Begin used to love to hear from Bader, who perhaps more than anybody else in the huge auditorium last night was a living link to the origins of Herut and the memory of Jabotinsky and Begin, too, as a young man.

One of the underlying tensions in Herut is the lack of communication between oldtimers, like Bader or Esther Raziel Naor, whose clear soprano rang like a bell as she sang the Betar anthem, and others – the vast majority David Levy is betting on – who had to read the words to the anthem as they appeared on a slide on the huge screen hanging behind the podium.

That tension was what the convention was all about last night. Bader wasn't among those who chanted again and again, "Begin, Begin" whenever the missing man's face appeared on the screen or was mentioned by one of the speakers. Of course, Bader never was one of the chanters.

The chanters sang out for Levy and they filled the balcony but not the orchestra, where the VIPs – past ministers, like Mordechai Zippori, thrown out of the leadership because of his opposition to the Lebanon War, and Ezer Weizman, now of the Labor Alignment – sat listening to the endless speeches.

If not for the Levy-Shamir struggle the most interesting aspect of the convention would have been Prime Minister Shimon Peres's speech defending the national unity government which Levy would later declare has no right to exist if it cannot solve the unemployment problem. Peres was vilified by Herut for years – especially the years he ran the Labor Party's opposition to the Begin government. But last night he was greeted correctly, even, it somehow seemed, warmly.

The opening night passed without the feared fireworks in the aisles and with a slight sense of history being made because Begin wasn't there. Few people were in a pensive enough mood last night to wonder aloud why the man who led Herut for years chose to spend the night at home. Only David Levy sought to make politics from Begin's retirement. Only Bader said that he had long ago grown used to the idea of Herut without Menachem Begin.

Court blocks school strike at last minute

By LEA LEVAVI and JOEL REBIBO

The teachers' strike scheduled to begin today was blocked late last night by the Jerusalem District Labour Court, responding to a government plea to order the teachers to hold classes as usual. The court will hear arguments from both the teachers and the government this morning in a special session.

Histadrut Teachers Union head Yitzhak Welber had called the strike – which was to include kindergartens and elementary schools – in response to an earlier court decision which prevented the rival Secondary School Teachers Association from closing down the country's 12th grades.

Welber announced the strike after he was notified by association head Shoshana Bayer of her union's acceptance of Judge Nehemia Gutman's plan for wage negotiation to be followed by arbitration.

The Histadrut Teachers Union objects to arbitration on wage issues and says the association has folded up and abrogated its responsibility to the teachers.

In its application to the court the government representatives described the strike threat as "wildcat" and "irresponsible."

French TV men abducted in Beirut

BEIRUT. – Terrorists who kidnapped a four-man French television crew here on Saturday night have given France one week in which to "recover" two anti-government Iraqis expelled from France to Baghdad last month.

An anonymous caller speaking for the Islamic Jihad (holy war) group claimed responsibility for abducting the television crew in a call to two international news agencies here.

The crew from the state-run Antenne 2 network, were seized at gunpoint in West Beirut.

France yesterday despatched a go-between to Damascus to try to negotiate the release of the hostages.

The seizure doubled the number of French hostages being held by the Islamic Jihad to eight, and raised the stakes in a crisis facing the government only a week before France's general election.

Israel 'won't fight against' U.S. arms sales to Saudis

By ASHER WALLFISH

Israel will not ask its sympathizers in Washington to wage an all-out campaign against the U.S. administration's proposed sale of weapons to Saudi Arabia.

This, despite official statements in Jerusalem yesterday, both from the Prime Minister's Office and the cabinet, indicating otherwise.

Prime Minister Peres's spokesman Uri Savir said yesterday that there was no foundation to reports from Washington alleging that "Israel hinted that it would not oppose the Saudi arms sale."

Savir said that Israel adheres to its opposition to arms sales to countries which are in a state of war with it, and "this position is well known to the U.S. administration." The cabinet communiqué made much the same points.

The basis of the reports from Washington apparently lies in a recent conversation between Ambassador Meir Rosenne and Secretary of State George Shultz, during which Shultz asked Rosenne what Israel would do in reaction to the arms sale plan. Rosenne replied that, "if Israel were queried, it would say that it objected."

Israel's relatively passive stance over the Saudi package may be a result of its victory over the administration at the end of 1985 when it forced President Reagan to defer an extensive arms sales package to Jordan. Neither Israel nor the pro-Israel lobby on Capitol Hill would like to be seen as again trying to humiliate the White House.

Israel found it possible to oppose the arms sale proposal to Jordan because it could point to an immediate threat to its security from the presence of modern warplanes in the hands of a tip-top cadre of pilots, who would require only a couple of minutes to reach Jerusalem.

The fact that Jordan had no cash to make the purchase also made it easier to oppose the sale. The administration would have had to request financing, which would have given Congress a strong opposing card.

Saudi Arabia, on the other hand, has cash for the present weapons package, which makes the administration's proposal more persuasive.

(Continued on Page 2, Col. 1)

J'lem studies implications of reported Iraqi approach

By BENNY MORRIS
Post Diplomatic Correspondent

The Iraqi government reportedly recently sent out feelers to Israel in the context of the Iraq-Iran war.

A London weekly, *Foreign Report*, last week said that Israel's ambassador to the UN, Binyamin Netanyahu, recently met with an Iraqi deputy foreign minister in New York on Iraq's initiative.

The report said that Iraq wanted Israel to supply it with information about the Iranian army's capabilities and intentions.

Iran recently launched two offensives into Iraqi territory and analysts believe that a third, in the central sector of the front, is imminent.

Foreign Ministry officials in Jerusalem have repeatedly denied that such a meeting took place.

Despite that, two schools or thought are evolving in Jerusalem concerning Iraq as a potential participant in the Middle East peace process. A major debate by policy-makers may be shaping up on the subject.

One school regards Iraq as "now much more open to the peace process or any initiative launched by Jordan and Egypt."

The exponents of this view point to Iraq's consistent support for the PLO-Jordan agreement of last February and to the dominance of "particularist nationalism" in the Ba'athist regime of President Saddam Hussein, which looks first to Iraq, then to the Persian Gulf and only thirdly to the Arab world.

The exponents of this view regard Iraq as one of the main potential Arab supporters of any attempt by Jordan to enter the peace process together with Jordanian-aligned Palestinians.

Because of Iraq's recent history – the Iranian threat, the Iranian-Syrian connection and Iraq's continued need for arms and supplies from Egypt via Jordan – this school believes that Iraq is "ripe" to join the Egyptian-Jordanian front of "moderate" Middle East states.

This school argues that Israel should exploit this moment of Iraqi weakness and the Jordanian-PLO rift to make inroads in the direction of Baghdad.

The contrary view, which remains stronger here, continues to regard Iraq as an implacable enemy of the Jewish State and an inveterate supporter of Palestinian rejectionists.

Any Iraqi hints or statements of moderation are attributed to "tactical" considerations rather than to a long-term strategic change of heart.

This school says that "there have been no signs in recent years of a basic change of ideology" in Iraq regarding the Palestinian question. Expressions of moderation, they say, may be put down in large measure to a desire to "win over the Americans."

Woman stabbed to death on Via Dolorosa

A resident of Jerusalem's Old City was arrested last night on suspicion of stabbing his wife to death after a long argument in their flat on the Via Dolorosa.

Police found 35-year-old Ellen Ballut, a mother of three children, lying dead in a pool of blood. Her 40-year-old husband was arrested several hours later. He denied being involved in the killing. The couple had been separated for several years.

The police believe that the killer poured acid on the victim and then stabbed her repeatedly.

UK seeks gold bullion smuggler said in Israel

By BARBARA AMOUYAL
In Jerusalem
and JERRY LEWIS in London

A British bullion dealer, suspected of smuggling some £7.5 million of gold into Britain, booked in at one of Tel Aviv's leading hotels a fortnight ago, *The Jerusalem Post* has learned, although police here are refusing to comment on his whereabouts.

Eitan Katz, Israel police's foreign liaison, refused to comment on reports that police have a request to locate 38-year-old Harvey Michael Ross, who is being sought by British authorities.

"All reports on the Ross matter will only serve to harm the investigation, and as such, we refrain from commenting at this sensitive stage," a national police spokesman told *The Jerusalem Post* last night.

The Leeds gold dealer is suspected of smuggling the bullion from his Swiss bank to Britain over an 11-month period ending last month to avoid British taxes on imported gold. He is also wanted by Scotland Yard's Fraud Squad for questioning about his involvement in the collapse of the merchant bank Johnson Matthey.

Arrangements for securing the surrender of fugitives from British justice are governed by a 1960 bilateral extradition treaty.

At Westminster last week, several MPs urged Prime Minister Thatcher to ask the Israeli government to extradite Ross. Thatcher confirmed that Yorkshire police were investigating allegations about Ross.

Speaking in the Commons last Wednesday night, she said she would not approach the Israeli premier directly. "Requests for extradition would be made in the usual way," she said.

It is estimated that at least 650 kilos of cut price gold were smuggled into Britain by Ross, mainly through the east coast ports of Felixstowe and Harwich.

Part of the smuggling operation involved bringing the gold into Britain but evading the payment of value-added tax due on the shipments. Those involved are said to have pocketed the VAT collected.

British customs officers arrested 12 people in a series of raids a week ago and said they were looking for others.

Ross, who is single, and described as the principal in a bullion-dealing firm bearing his name, was reported by his solicitor as being in Israel.

EIGHT PAGES FROM SUNDAY'S
The New York Times
WEEKLY REVIEW
INSIDE TODAY

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AMSTERDAM	1	34	8	46	Cloudy
BRUSSELS	1	34	10	50	Rain
BUENOS AIRES	18	64	27	81	Clear
CHICAGO	-11	12	1	34	Rain
COPENHAGEN	-2	28	1	34	Cloudy
FRANKFURT	2	36	7	45	Cloudy
GENEVA	2	36	6	43	Clear
HELSINKI	-1	30	1	34	Cloudy
HONG KONG	17	63	22	72	Clear
JOHANNESBURG	17	63	28	82	Cloudy
LISBON	15	59	15	59	Clear
LONDON	4	39	10	50	Cloudy
MADRID	5	41	11	52	Clear
MONTREAL	-22	-8	-7	19	Snow
NEW YORK	-9	15	-1	30	Cloudy
OSLO	0	32	8	47	Cloudy
PARIS	1	34	7	45	Clear
RIO DE JANEIRO	21	70	30	86	Cloudy
SAO PAULO	13	66	27	81	Cloudy
STOCKHOLM	0	32	3	37	Cloudy
TOKYO	5	41	18	64	Clear
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THE WEATHER

Forecast: Partly cloudy.

	Yesterday's Humidity	Yesterday's Min-Max	Today's Max
Jerusalem	76	14–17	15
Golan	—	13—	16
Nahariya	—	——	—
Safad	70	11–14	14
Haifa Port	78	—20	20
Tiberias	50	11–24	23
Nazareth	70	16–17	15
Afula	68	9–21	20
Shomron	69	14–17	16
Tel Aviv	78	13–20	20
B-G Airport	72	14–19	19
Jericho	50	13–30	25
Gaza	77	18–20	20
Beersheba	57	15–21	20
Eilat	50	18–28	26

Mordechai Hevroni, Tora scholar, at 48

Rabbi Mordechai Hevroni, one of the leading figures of the Hebron Yeshiva in Jerusalem and widely regarded as a leading Tora authority, died yesterday morning at the age of 48 after a long illness. He was buried later in the day.

He was the son of the previous head of the yeshiva, Moshe Hevroni, and is survived by his wife and 10 children.

The funeral, attended by thousands of mourners, began at the yeshiva, where eulogies were given by Rabbi Simha Brody, head of the Hebron Yeshiva, and others. (Itim)

Pressure applied to E. Jerusalem electric co.

By RON JOURARD and AVI TEMKIN

Energy Minister Moshe Shahal yesterday told representatives of the Jerusalem District Electricity Co. that it has to pay its $10 million debt to the Israel Electric Corp. "within days," government sources disclosed.

At a meeting in Jerusalem to discuss the debt, Shahal rejected a request by the JDEC board of directors to give the company two more months to come up with the money.

According to the sources, Shahal told the company's board of directors that the legal process to recover the debt has already started and could not be stopped. Last week the company's assets were attached to guarantee payment of the debt.

The IEC can collect its debt by forcing the sale of company assets. As a further measure it could also force the company into receivership.

Asked about the possibility of such moves by the IEC, JDEC board chairman Anwar Nusseibeh said: "This will never happen. We will find an answer."

The JDEC yesterday submitted a request to the execution office in Jerusalem to limit the attachment order to the company's immovable property.

At the meeting, lawyer Shlomo Toussia-Cohen, who is representing the JDEC, asked the government to underwrite a loan to pay the company's debt "just as it might in the case of Solel Boneh." Shahal, the sources said, responded that, unlike the JDEC, Solel Boneh had submitted a recovery plan which even included the dismissal of workers.

Shahal said at the meeting that he had tried to arrange a loan for the JDEC but had failed because the company could not provide collateral.

U.S. ARMS

(Continued from Page One)

Israel, moreover, had a bad experience with the last major arms package to Saudi Arabia four years ago. That was partly Israel's own fault. At the outset the embassy in Washington recommended to the pro-Israel lobby and to congressional sympathizers not to wage an all-out campaign.

Then it changed its mind and mobilized maximum support against the proposals to sell Saudi Arabia the Awacs spy-in-the-sky planes.

The administration won congressional backing for its package by a handful of votes. The tussle left Israel humiliated and the White House annoyed.

Reagan pitted all his prestige on the Awacs sale and Israeli sympathizers said the pressure from the White House was unprecedented. Reagan was also aided by the industrial lobby, which worked extremely hard, not only on behalf of the manufacturer of the Awacs, Boeing, but also on behalf of hundreds of sub-contractors, at a time of deepening gloom and unemployment.

Israel may sound out Murphy on Gaza plan

By BENNY MORRIS
Post Diplomatic Correspondent

Israeli policy-makers may raise the idea of a "Gaza first" autonomy scheme with U.S. Assistant Secretary of State Richard Murphy, who arrives here for talks tomorrow.

Senior policy-makers regard the Gaza Strip, with over 500,000 residents, as a "demographic minefield," and believe it may be easier to start implementing an autonomy plan for the administered territories there than in the West Bank.

Regarding Gaza, say the policy-makers, Israel "has partners – Jordan and Egypt." Relying on recent informal contacts with Egyptian officials, they believe that the Gaza first approach could be implemented. There is optimism in Jerusalem about American receptivity to the idea, coming on the heels of the failed Jordanian-PLO talks and the inability to start autonomy in the West Bank following the assassination of Nablus mayor Zaafer al-Masri.

The policy-makers believe that the existence in the Gaza Strip of a legal system based on British Mandate law and of schools linked to the Egyptian educational system add to the attractiveness of the Gaza first approach.

The policy-makers believe that, should Jordan and Egypt reject this approach, it would be a sure sign that they remain optimistic about the imminent renewal of Jordanian-Palestinian talks leading to the convocation of a peace conference in Geneva. Either way, the policy-makers see the Gaza first approach as an attractive way of breaking the existing Middle East deadlock.

As for autonomy in the West Bank, the policy-makers remain depressed by the fallout from the al-Masri killing, but are suggesting a number of concrete proposals that could start the ball rolling. These could include allowing economic aid from the Arab world to reach the West Bank directly; abolishing the regulation that now bars young West Bankers who cross into Jordan from returning to the territories within nine months; and expanding Israeli aid for economic development, with the added West Bank output being exported across the bridges to the Arab world rather than competing in Israel with Israeli products.

PLO blames Habash for al-Masri killing

By YEHUDA LITANI
Jerusalem Post Reporter

A leading member of the PLO, Abu Jihad (Khalil al-Waziz), has denied rumours circulating in the West Bank that connect the organization to the murder last week of Nablus mayor Zaafer al-Masri.

Abu Jihad, who is PLO chairman Yasser Arafat's second-in-command, told West Bank Palestinians in Amman that he was certain the Popular Front for the Liberation of Palestine had carried out the killing.

The denial was aimed at preventing a further worsening in Fatah's relations with Jordan. The moderate statement issued in Tunis on Saturday by the PLO executive committee – in which the PLO refrained from cutting ties with Jordan – had the same objective.

Abu Jihad said he was certain the PFLP was behind the killing because the statement claiming responsibility for it issued from the PFLP's political headquarters in Damascus.

Such a claim could only have been put out on the authority of PFLP head George Habash or one of his aides, he said.

The PLO's fear of a complete breakdown in its relations with Jordan was also shown in the haste with which Yasser Arafat last week distanced himself from remarks by the organization's spokesman that were highly critical of Jordan.

Senior Jordanian officials told the visiting Palestinians, who returned to the West Bank on Friday, that Jordan was at a loss as to how to continue the Middle East peace process. The assassination of al-Masri marked "the end of a chapter" in the efforts to promote a settlement.

Jordanians and Palestinians are intensely curious to see whether King Hussein will take the row with the PLO further when he addresses the fourth Arab Parliamentary Congress tomorrow. The Jordanian press reported yesterday that the king's speech will contain an "important political" statement.

The PFLP said in Damascus last night that the statement issued by the PLO in Tunis "had disappointed the Palestinian masses," Radio Monte Carlo reported. The masses, the PFLP said, had hoped that the PLO would cancel the February 1985 accord between Arafat and Hussein in order to restore unity among the Palestinian groups.

Meanwhile a reliable Palestinian source in Amman yesterday denied a report that Abu Jihad met in Amman last week with Israeli journalist Uri Avnery.

The Nablus municipal council has decided to name a new school in the town after al-Masri.

It will also put up a monument at the site of the assassination, outside the municipality, The Jerusalem Post was told yesterday.

But reports that Hussein Square, one of the central squares in the town, will be renamed, are incorrect.

Kidney-stone smasher is a hit

By JUDY SIEGEL
Jerusalem Post Reporter

The kidney-stone pulverizer that has been used in Jerusalem's Hadasssah University Hospital for the last eight months has proved a smashing success, sparing patients who have undergone several operations on the same kidney from having to face the scalpel again.

The $1.5 million, West-German made device, called a lithotripter, breaks up kidney stones with the help of shock waves, as the patient lies in a bath of warm water.

Thanks to the device, which has already given 530 treatments to 454 patients on an experimental basis, thousands of hospitalization days have been saved. Most patients now need to remain in the hospital for a day or two rather than the two weeks previously required after a kidney-stone operation.

Yesterday, Health Minister Mordechai Gur ruled that the device could operate on a regular basis but decided against authorizing the purchase of more lithotripters for other hospitals in the next few years, saying the Hadassah device will take care of the needs of the country.

About 800 patients a year from all over Israel are expected to undergo the shock-wave treatment for their kidney-stones.

An additional 800 patients, however, will still need to undergo surgery, with a needle used to break up and vacuum out the stone particles. In these cases, the lithotripter is not so affective – and may even cause problems – because the pulverized stones block the ureter, the duct leading out of the kidney.

The average lithotripter treatment, including hospitalization, costs $1,000.



Delegates to the Herut convention last night hold up signs reading "South Tel Aviv, too, supports David Levy." (Rahamim Israeli)

It's bare knuckles at Herut

By SARAH HONIG
Post Political Correspondent

TEL AVIV. – The Herut factions enter their party's convention this morning with gloves off and poised for battle.

Last-ditch attempts to prevent internal strife were unsuccessful yesterday, and the acrimony between opposing camps intensified. The party court was again called on to pass judgment, there were accusations of fraud, and attempts to summon the rivals to a meeting failed.

David Levy and Ariel Sharon absented themselves from yesterday's weekly cabinet session. Their aides said they were too busy with preparations for the coming party battle. But unofficially it was admitted that they did not want a face-to-face encounter with the man they are teamed up against, Vice Premier Shamir.

The first contest this morning, which should provide an early indication of the relative strengths of the different factions, is the election of the convention presidium and its chairman.

Running for chairman will be Eliyahu Ben-Elissar on the Levy-Sharon side, and Moshe Katsav on the Shamir ticket.

Katsav sought a peace agreement between the factions until late yesterday afternoon, but Levy is said to have rejected his proposals out of hand, including one that Katsav be the single candidate for presidium chairman.

Levy fanned the Herut flames yesterday morning with a radio interview in which he accused the Shamir camp of undemocratic practices. He claimed that the Shamir-controlled committee, which was empowered to co-opt notables as convention delegates, had approved mostly Shamir supporters.

In retaliation, Shamir refused to have another meeting with Levy. He maintained that there was nothing to discuss.

Shamir's aim now will be to muster as much strength as he can on the convention floor against Levy, though for the first time he is faced with a Levy-Sharon alliance.

Sharon and Levy will cooperate for control of the convention, but should Levy decide at any point to challenge Shamir for the post of party chairman, Sharon will not back him, since in the long run he views Levy as a rival.

It is not clear how much the two men can control their troops. Some groups within the Sharon camp are unhappy about his deal with Levy, and some elements in the Levy faction oppose Sharon.

Yesterday's action started with a ruling by the party court against an appeal by Shamir for the addition of 76 of its delegates to the convention. Next came an accusation from Ronnie Milo, a leading figure on the Shamir side, that an attempt was made to fraudulently boost the number of Levy delegates by tampering with a computer. Party spokesman Yossi Brun (a Levy man) denied this.

Up to mid-morning today the actual number of delegates will still be in dispute, as appeals are continuing to come in from individuals and groups. However, it is certain that the final number will be around 2,000.

After the presidium is chosen, the convention will get down to choosing the mandates committee (which can appoint extra delegates for a number of technical reasons), and the all-important steering committee, which largely shapes the new central committee that will eventually elect the new party leader and the next Knesset list.

Sharon is seeking the chairmanship of the mandates committee and Levy is out to head the steering committee, a job which will also be sought by Moshe Arens for the Shamir side.

Cabinet cuts interest rates by 1%

By AVI TEMKIN and PINHAS LANDAU
Jerusalem Post Reporters

The cabinet decided yesterday to reduce interest rates on credit and overdrafts by 1 per cent. The Bank of Israel will decide on the timing of the reduction, but it is expected to be introduced before the end of the week.

The cabinet, acting as the advisory council of the central bank pending the appointment of a new council, also approved an increase in the foreign currency credits commercial banks are allowed to raise abroad on behalf of clients. The step was taken to permit the Elscint recovery programme to be implemented.

The cabinet also decided to ease liquidity requirements for commercial banks. Liquidity ratios will be reduced from 60 to 55 per cent for current accounts, and from 9 to 1 per cent on credits.

Sources in the banking system said yesterday they expected the cost of credit to go down from 4 to 3 per cent a month, while the prime rate – the rate offered to the most creditworthy borrowers – will go down to 1.25 per cent.

The decision to reduce interest rates comes close on the heels of mounting criticism against the Bank of Israel for the excessive rates it has imposed on the economy. The central bank's governor, Moshe Mandelbaum, defended his policy yesterday, saying that the financial troubles of such bodies as Kupat Holim were caused by the commercial banks.

Mandelbaum said the banks continued to lend money to the health fund and other public bodies despite warnings by the Treasury and the Bank of Israel.

Zadik Bino, director-general of the First International Bank, said, however, that the interest-rate cut is "premature" and poses a significant danger for the banking system.

Speaking at a press conference marking the publication of his bank's 1985 results, Bino said he regarded the rate of interest paid on deposits as the main problem.

If real level of interest rates on loans were to fall to 3 per cent, the income to the banks, after taking into account liquidity charges and the cost of funds, was around 2 per cent. But if the banks paid 1 per cent interest to their largest depositors ("jumbo" deposits), this would not be sufficient to persuade them to hold unlinked shekel accounts.

Given the fragile state of public confidence in the economy, he noted, there was a strong chance that lower interest rates would spark a massive flight of funds from unlinked to linked accounts that would leave the banking system short of funds.

Bino predicted that the April consumer price index is unlikely to be under 3 per cent because of seasonal factors. Therefore, he said, it would have been better to delay further interest cuts until the summer, when inflation would again be very low.

This move, coming after a year of growing price stability, could be combined with the abolition of a new index – and dollar-linked financial vehicles. Bino said such a move would be "the logical target of the economic programme, the culmination of the anti-inflation campaign."

Macabee Dean adds from Tel Aviv.

Dan Gillerman dragged a personal computer into Prime Minister Peres's office on Friday to make his point, graphically, that current interest rates would cause any business to totter and collapse.

Gillerman, president of the Federation of Chambers of Commerce, took a specific case: the U.S. government's aid in staving off the collapse of an ailing Chrysler Motor Company some years ago.

"If Chrysler had to pay present Israeli interest rates – 80 per cent a year in real terms – not only would it not have made the $3.1 billion accumulated profits [for 1982-84], but it would have run up a debt of $3.8b."

Gillerman met with the prime minister to present the federation's plan for economic recovery. Its main points: reducing interest rates drastically, aiding small and medium-size export companies as well as large ones, stepping up the abandonment of price controls, introducing tax reform, linking wage hikes to productivity and cancelling the employers tax.



Members of the Bat Dor Company pose at Ben-Gurion Airport yesterday before leaving for Poland. The dancers are the first Israeli cultural group to visit Poland since that country severed diplomatic ties with Israel in 1967. Tickets for Bat Dor's six performances in Warsaw, Lodz and Gdynia have been sold out. (Hanoch Guthmann)

'TV grapefruit ads encourage rape'

By MICHAL YUDELMAN
Jerusalem Post Reporter

TEL AVIV. – The bouncing breasts shown on television to encourage grapefruit consumption, also encourage rape and sexual harassment of women, a group of women demonstrating against resumption of the broadcast asserted yesterday.

The small group of Women Against Violence Against Women, who stood outside the Citrus Marketing Board offices on Derech Haifa to demand the removal of the public-service broadcast, became the target of derisive shouts from male employees and passersby.

The Citrus Marketing Board has received hundreds of complaints against the grapefruit broadcast which was taken off the screen some two years ago following the controversy it raised. But it seems that the complaints made no impression on the board's present management.

"Rape and sexual harassment are a direct result of advertising such as the grapefruit broadcast," the demonstrators said. They warned that the continuation of this "pornographic" broadcast would threaten women's physical safety and limit their freedom.

They stressed that the many complaints their group had received from women who were sexually harassed as a result of the broadcast proved the negative effect it had had on men. "We may be only a few demonstrators here, but we're supported by women all over the country," they said.

The demonstrators, who held placards saying "Stop the grapefruit broadcast immediately" and "The Citrus Board and television encourage violence against women," called on women employed by the Citrus Board to protest against the broadcast. "You are being used, and you are the ones paying the price. You go out into the street afterwards and become victims of sexual harassment," the demonstrators said.

At one point, a delegation of smirking men came out to the protesting women and offered them grapefruit juice. The demonstrators refused. "Grapefruit sales must really be low," one of them commented.

Citrus Board Employees were instructed to ignore the demonstrators and to refuse to take any written material from them. "What are they afraid of?" the demonstrating women asked.

The lone policewoman who remained to maintain order after the journalists and photographers had left, agreed that the grapefruit broadcast "is really humiliating."

Better airport security reported in Italy

By JOSHUA BRILLIANT
Post Aviation Reporter

TEL AVIV. – An Israeli expert in airport security recently inspected Italy's counter-terror measures and was favourably impressed, according to Alitalia's general manager for Israel, Giuseppe Marra.

Marra told a press conference at Beit Sokolow yesterday that the official responsible for security at Ben-Gurion airport had been to Italy several weeks ago and inspected security arrangements for all flights – not only those destined for Israel.

His report had not arrived yet, but Marra said he had heard the official was "very impressed" with the changes introduced after the December 27 attack in Rome that killed 15 persons. By now security is "more or less on (a par with) the European standard," he said.

Passengers destined for Israel pass through special checks, and luggage is X-rayed and thoroughly searched, he said.

Along with other airlines, Alitalia also avoids sending its Tel Aviv-bound planes along a previously used route close to the Libyan coast. Now a more northerly route is used.

Arsonists attack another bus shelter

A bus shelter was set ablaze late Saturday night in Jerusalem's Sha'arei Hessed neighbourhood. It was the 30th such incident in the capital since last September.

Police spotted the fire it its early stages and called the fire department. The shelter was not badly damaged.

Two other Jerusalem bus shelters – in Jaffa Road near the old Shaare Zedek Hospital were splattered with black paint yesterday.

Trade deficit widens

By AVI TEMKIN
Post Economic Reporter

Israel's current trade gap widened during the first two months of the year, despite the steep fall in international fuel prices. Figures released yesterday by the Central Bureau of Statistics showed the deficit totalled $422.7 million since the end of 1985, compared with $343m. in the same period a year ago – an increase of 23 per cent.

The bureau said that the average deficit for January and February was 36 per cent higher than the average monthly level for the second half of 1985. Since the beginning of the year Israel had imported goods worth $1.413 billion, and exported goods worth $990m.

The growth in the trade gap came despite a 9 per cent increase in exports over their level in the first two months of 1985. Imports rose by some 13 per cent, despite a 13 per cent reduction in the cost of imported oil.

February's trade deficit was almost double that of the same month last year. The deficit totalled $247m. last month, compared with $133. in February 1985.

The bureau also published figures showing that prices are still stable. The figures showed that consumer prices rose by 0.25 per cent in the second half of February, following a rise of 0.9 per cent during the first half of the month.

The bureau is due to publish the Consumer Price Index for February on Friday. According to government officials the inflation rate for February will be between 1 and 1.5 per cent.

The bureau said that, in the second half of February, food prices rose by 0.7 per cent.

Maimonides, Yitzhak Ben-Zvi to be on new shekel banknotes

Jerusalem Post Reporter

The cabinet yesterday authorized the Bank of Israel to put two new banknotes into circulation: a one-shekel note bearing a likeness of Maimonides and a 100-shekel note bearing a likeness of Israel's second president, the late Yitzhak Ben-Zvi.

Since the advisory council of the Bank of Israel currently has no chairman, because of political reasons, the two new notes will bear only the signature of Bank of Israel Governor Moshe Mandelbaum.

The bank originally planned to put only one-shekel coins into circulation, but changed its mind after public protests that the coin is too small and is often confused with the one-agora coin.

The lack of a chairman for the Bank advisory council is a classic dog in the manger situation. Aguda MK Avraham Shapira held the post when he was made chairman of the Knesset Finance Committee after the 1984 elections. The attorney-general ruled that Shapira could not hold both jobs because of the potential conflict of interest, but Shapira clung to the chairmanship of the advisory council until his term expired.

Because of the post-election deals, Agudat Yisrael insists on keeping the chairmanship and will not let the job go to anyone else.

'Israeli mercenaries trained Marcos backers'

Jerusalem Post Correspondent

WASHINGTON. – A supporter of deposed Philippine president Ferdinand Marcos who fled with him to Hawaii has been responsible for working with Israeli mercenaries, Newsweek magazine reports in its latest issue.

The magazine says the Israelis trained private armies commanded by Marcos backers.

Racist slogans painted on E. Jerusalem cars

Jerusalem Post Reporter

Vandals sprayed slogans such as "Arab, don't you dare think about touching our Jewish girls," on the windshields of five cars parked near the New Gate of Jerusalem's Old City early yesterday.

The vandals also slashed the tyres of the cars.

No arrests had been made in the case by last night.

On the 30th day after the passing of our father

NATHAN SHEINMAN

there will be a graveside memorial service and unveiling of the tombstone on Thursday, March 13 at Erez Hachaim cemetery, AACI section, at 3 p.m.
Transportation available from Supersol, Agron St., Jerusalem, at 2 p.m.

Muriel and Bernard Salita

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هكذا من الاصل

Soviet's anti-Semitic outburst rocks UN forum on human rights

GENEVA (JTA). – "We've never heard such harsh language and such blatant hatred at this UN forum," said a western delegate stunned by the anti-Semitic remarks made by the Soviet representative during a heated exchange with the Israeli delegate at a Human Rights Commission debate last week.

The debate was ostensibly on the subject of measures against totalitarian ideologies and practices.

The dispute began when the Soviet delegate, Dimitri Bykov, viciously attacked Israel, comparing it with the Nazi regime at its worst. He was quickly rebuked by the Israeli delegate. Voices were raised, and Bykov started banging his fist on the table.

Jewish observers representing non-government organizations said they had never heard a Soviet delegate express such anti-Semitic views in public. Bykov declared that there was a "spiritual, political and ideological relationship" between fascism and Zionism. He condemned Israeli policies and practices in the Middle East as neo-Nazi.

Israel, he said, is today copying Hitler's laws and methods. He accused the Jews of helping Hitler into power and of financing his war machine.

Efraim Dubek, the Israeli delegate, replied that the walls of the Palais des Nations, where the debate was being held, "had never heard such virulent and vicious anti-Semitism." He said that even the representatives of fascist Germany had never resorted to such assertions against Jews in the League of Nations, which once occupied the Palais des Nations.

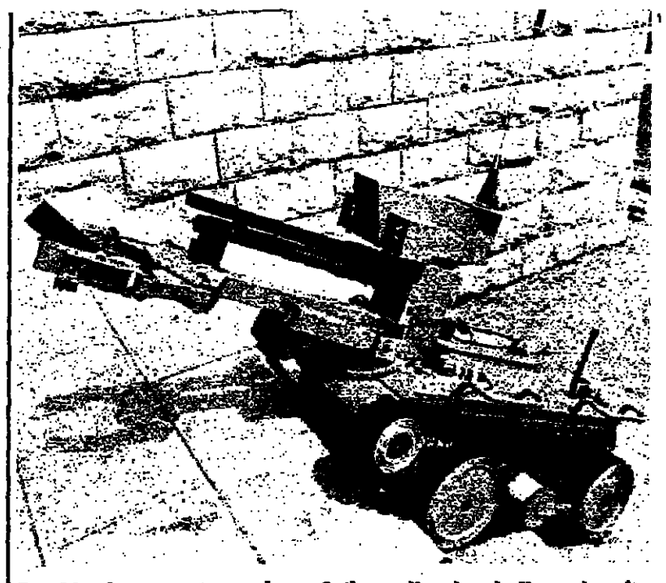
"There was so much hatred, so much aggressiveness, in the diatribe of the USSR that I could not refrain from praising God for having situated Israel far from the borders of the Soviet Union," Dubek said. "Were it not so, the Soviets would have had no qualms about unleashing their tanks and armour on Tel Aviv and Jerusalem as they did on Budapest, Prague and Kabul, and were on the verge of doing in Warsaw.

"Why so much hatred? Why should a world superpower of the magnitude of the USSR behave so heinously towards a small nation such as Israel and the Jewish people?" Dubek asked.

To the Soviet allegation that Israel is racist and mistreats its Sephardi population, Dubek reponded, "Am I not a Zionist and an Israeli, one of those pariah Sephardi Jews who, according to the Soviet delegate, are at the bottom of the Israeli racial scale? Am I one of those Jews exploited by the Ashkenazis by being deported to the Siberian cold of Geneva?"

Richard Schifter, the U.S. delegate, rose to his country's defence too, refuting Bykov's charges that war criminals worked for Radio Free Europe or Radio Liberty. The Soviet delegate responded by terming the Israeli and U.S. statements "absolutely slanderous." He evoked laughter from other delegates, however, when he declared that "all that we say is truth; what the U.S. and Israel say are lies."

He said Zionists have no right to speak on behalf of Judaism and the Jewish people. He accused the U.S. of giving refuge to thousands of Nazi war criminals and called on Washington to stop sheltering them.



Bambi, the newest member of the police bomb-disposal unit, demonstrates its ability to climb stairs yesterday. (Yitzhak Harari)

Israeli-made robot sapper earns place in police force

By BARBARA AMOUYAL
For the Jerusalem Post

The Police Bomb Disposal Unit yesterday unveiled "Bambi," the first Israeli-made robot designed to neutralize explosive devices. The 70-kilo robot is manufactured by Tel Aviv-based Sivan Century 21 and can be operated without cables or on-site human direction.

Bambi was designed by police engineers after three years of research to incorporate what the chief sapper, Deputy Commander Shlomo Aharonishky, described as "uniquely Israeli technical needs which, until now, could not be handled by imported models."

Bambi, according to police sappers, performs all the functions of a large robot without requiring a special vehicle to transport it. The robot is 83 cm. long, 56 cm. wide, and 70 cm. tall. It travels approximately 30 metres per minute and is controlled by a wireless transmitter.

Bambi has two cameras for eyes and a built-in closed-circuit TV camera on its forehead so that sappers can direct its moves safely from a distance. The robot can climb steps and navigate crevices 20 cm. deep. It is equipped with an automatic rifle that can be fired to detonate bombs.

Inspector Yehuda Shalom, a mechanical engineer who helped develop the robot, told *The Jerusalem Post* that Bambi could very well render popular Irish and British models obsolete. "It's very lightweight and doesn't require special and cumbersome equipment to operate. Also, it sells for half the price of other robots," he said.

Bambi carries a $20,000 price-tag, and Israeli police have already purchased 10 of them. "We hope to equip every station with a Bambi in time," said Aharonishky. "It all depends on our budget."

Aharonishky said Bambi would greatly reduce the danger and stress faced by sappers.

Rise in violent crime challenges Negev police

By LIORA MORIEL
Jerusalem Post Reporter

BEERSHEBA. – Officers of the Negev police met last week to discuss statistics about their work during the past year. They heard that, overall, Negev crime had decreased by some 3 per cent.

A breakdown of the statistics, however, revealed that, while crimes against property had decreased, the number of violent crimes had increased – and that the arrest rate for these crimes was poor.

By this weekend, the news was even worse. The police already had their hands full trying to find the murderer of soldier David Felson, the man who shot a woman soldier last summer, and the convicted rapist who escaped from Beersheba Prison late last month, when a taxi driver was knifed and left for dead in his cab on Thursday evening.

"We usually solve serious crimes," Negev police commander Nitzav-Mishne Haim Ben-Ayun told *The Jerusalem Post* in an interview last week. "We set up special investigation teams to deal with each of these crimes as they occur." The most spectacular capture recently involved a man suspected of killing a policeman near Jerusalem's Jaffa Gate, who escaped from the Arad lock-up. He bored a hole in a wall with a piece of pipe, loosened a brick, got into the equipment closet of the police station and, opening a window, escaped under cover of darkness.

"He had no help outside, so there was no chance that he would elude us for long," said Ben-Ayun. "We quickly cordoned off the entire area."

Over 300 policemen, Border Police, Civil Guards, trackers, tracking dogs and a crack army unit joined forces to find the man. By dawn they had cornered him in an abandoned shed. "He is now back in Jerusalem and no longer my responsibility," Ben-Ayun said.

As for the escaped rapist, he was helped by his extended family. Three of his brothers are also in jail for various crimes. "We're doing our best to catch him, it's just a matter of time. All those who have escaped so far were caught in the end," said Ben-Ayun.

In July 1983, three convicted murderers escaped from Beersheba prison. They were captured a month later while napping near the Egyptian border. Ben-Ayun doesn't believe the escaped rapist will attempt to flee to a neighbouring country. "We are keeping tabs on him through informants; we don't work in a vacuum."

David Felsen's murder still remains unsolved. At first, police suspected terrorists, then they jailed one of Felsen's closest friends for a while. The man was finally released, and police still don't know the motive, let alone the identity, of the murderer.

Perhaps the most baffling case this past year was the shooting of an 18-year-old woman soldier in August. The story made headlines for weeks as police combed the country for the driver of a late-model white Subaru. The soldier's testimony suggested that her attacker drove such a vehicle, and, to this day, Ben-Ayun is convinced that she was driven in a Subaru.

Two composite portraits of the wanted man were published in the media: one drawn by artist Menashe Kadishman, who had spent a few hours with the victim in her room at the Soroka Medical Centre in Beersheba, and the other put together with a police Identi-Kit. Thousands of men all over Israel were questioned, and some were detained, but all were freed in the end. The pistol used to fire the shot has never been recovered.

One of the mysteries in this case is why police originally reported that rape was involved. In two press conferences within a week of the incident, police said the soldier was brutally raped twice, then shot and left for dead in the desert, where she was found naked.

Only a chance remark a few weeks ago by a top police officer about to retire revealed that the police knew practically from the start that the soldier had not been raped. Why did the police keep this fact to themselves all these months?

"Initial indications at the scene of the crime seemed to point to rape, and only further investigation brought the true story to light," Ben-Ayun said.

The attacker is still at large. "the fact that a man carried out a violent act like this and has still not been caught makes him a danger to the public," said Ben-Ayun.

Franco-Israeli pact on nuclear medicine

By JUDY SIEGEL

The governments of France and Israel are due to initial an agreement today to establish a centre for nuclear medicine at the Hadassah-University Hospital in Jerusalem.

The formal announcement of the agreement is to be made in Paris at the first conference of European Friends of Hadassah, where messages from Health Minister Gur and other Israeli dignitaries will be read.

A joint French-Israeli committee is to meet soon to work out details of the agreement, which will make possible the operation of Israel's first nuclear magnetic resonance (NMR) scanner. The NMR, manufactured by Elscint, is the most advanced, non-invasive scanner yet built to detect medical problems.

The centre will cost $5 million, most of it provided by France. The French will also provide technological know-how, which will supplement Israel's considerable sophistication in the field.

The French will send their experts to Jerusalem to improve their skills; they reportedly regard their research in nuclear medicine as lagging behind Israel's. The NMR will be used alongside an advanced tomography scanner on Israeli patients.

Professor Henri Atlan, head of Hadassah's nuclear medicine department, is now in Paris for the conference.

President Mitterrand discussed the establishment of the centre with Israeli experts during a visit here when Menachem Begin was prime minister, but nothing came of the negotiations. Recently, however, the talks were resumed and an agreement was initialled.

Bernice Tannenbaum, the long-time Hadassah leader, is presiding over the convention, which highlights two years of activities by Hadassah's Friends in Europe.

Education Ministry psychologist:

Children with cancer belong at school wherever possible

By JOEL REBIBO
For The Jerusalem Post

Children with cancer should return to school as soon as treatment permits, says a senior Education Ministry psychologist. Hundreds of Israeli children have cancer, and, according to the Health Ministry, 170 new cases are discovered each year.

"Children should have the chance to resume a normal life," Dr. Mousa Karayanni told *The Jerusalem Post*. "Cancer is no longer a death sentence."

Karayanni, a lecturer at Haifa University's School of Education, teamed up with pediatric nurse Eda Spitzer to counsel dozens of school-aged children hospitalized at Rambam Hospital with cancer.

"Most kids are eager to join their friends in normal routines," says Karayanni. "But the kids do express fears about returning to school after a long absence, particularly those who have lost their hair as a result of chemotherapy."

Through counselling the children learn to accept the disease and the side-effects of treatment, says Karayanni. But classmates and teachers also need counselling to cope with their fears of the disease.

"The number one fear expressed by classmates is that cancer is contagious," says Karayanni. "They're also afraid that they have to treat the cancer patient with kid gloves so as not in injure him. But we've found that they are very receptive to new information."

Among teachers and parents, concern centres on how to deal with questions of life and death which arise should the child die.

"Keeping the child out of the classroom will not shield children from death," says Karayanni. "In most communities classmates are also neighbours. The kids are aware of their friend's condition, and keeping him out of the classroom makes it illegitimate. With proper counselling the teachers can help pupils deal with the possible death of a friend."

Arab Labourites represent Israel in West Germany

By WLADIMIR STRUMINSKI
Jerusalem Post Reporter

BONN. – The fact that a largely Arab delegation was representing Israel abroad should have been news here, but the group's press conference drew only one West German reporter.

"How many Israelis and how many Arabs are there in the delegation?" the lone member of the local press asked, to which the response was: "All of us are Israelis; six of us are Arabs."

The nine-member Labour Party delegation, which visited West Germany between February 23 and March 6, came at the invitation of the opposition Social-Democratic Party's Friedrich Ebert Foundation. The group, according to Abdel Wahab Daroushe, a Knesset member and delegate, was the first ever to visit Germany that was mainly Arab and, indeed, led by an Arab.

"Our delegation presented an excellent opportunity for public relations," said Nawaf Massalha, a member of the Histadrut and Labour Party executive committee.

The delegation and its hosts were apparently responsible for the poor coverage. "We asked rather late for the media to be notified," Drawsha conceded.

The timing of the foundation's press conference was also poor. "There seems to have been an important press conference by a politician somewhere else in Bonn," an embarrassed spokesman for the Friedrich Ebert Foundation said.

HOME NEWS IN BRIEF

27 Black Hebrews sent back to U.S.

BEN-GURION AIRPORT. – Police placed 27 members of the Black Hebrew sect on a plane back to the U.S. Saturday night after denying them entry into Israel the previous evening.

The group, which included several children, held prayers at the airport before boarding the flight, witnesses said.

Members of the sect, who number about 2,000 in Israel, claim direct descent from the biblical tribes of Israel and are almost exclusively American blacks.

Committee may study recommendations

The World Zionist Executive yesterday deferred a decision on implementing the Landau Commission's call for the depoliticization of the emissary programme until all its members are polled.

Two proposals are under consideration. One, by Executive Chairman Arye Dulzin, would accept the Landau recommendations in principle and would appoint a committee of three senior WZO officials to draw up "operational recommendations on implementation" within a month. The second proposal calls for "a committee of Executive members to study" the Landau recommendations. This proposal was submitted jointly by the head of the WZO's settlement section, Mattityahu Drobles (Herut), and Yitzhak Meir (National Religious Party), head of the Department for Tora Education and Culture in the Diaspora.

WZO treasurer Akiva Lewinsky urged that the procedures involved in implementing the report be completed by June, when the Jewish Agency Assembly is scheduled to meet.

Rabbi performs for women prison inmates

Women at the Neveh Tirza prison were treated yesterday to a one-man show portraying four Israeli stereotypes, a programme aimed at stimulating a discussion of the inmates' identities and roots. The show was sponsored by Eshel, an organization for the spiritual rehabilitation of prisoners.

Rabbi Binyamin Levin donned the garb of an ultra-Orthodox Jew from Mea She'arim. He reappeared on stage in shorts, and acted the part of a bus driver. He later impersonated an assimilated French Jew and a yored who contributes money to the country from the U.S.

Levin portrayed the same characters before an audience of prisoners at Ma'asiyahu prison last week. As part of the programme, the prisoners later discussed the stereotypes.

TV recovery plan

A 12-man team which will prepare the blueprints for Israel Television's "project recovery" was named yesterday by Broadcasting Authority director-general Uri Porat

The team, headed by Porat, will include former and present heads of ITV: Nakdimon Rogel, Arnon Zuckerman and Yair Aloni.

IBA legal adviser Natan Cohen, a member of the panel appointed by Education Minister Yitzhak Navon to draft legislation to facilitate the closure of ITV, is a member of the team which will propose ways of revitalizing television without suspending broadcasts.

Paper plant damaged

AFULA (Itim). – A fire yesterday at the Hogla paper products plant here destroyed millions of dollars worth of raw materials.

IDF women may not hitch rides at night

Jerusalem Post Reporter

TEL AVIV. – Women soldiers caught trying to hitch rides at night will be arrested, according to a new Defence Ministry regulation that comes into effect on March 16.

Until now, women soldiers have been allowed to take rides at lit stations, in military vehicles, or in cars carrying someone they knew. When military policemen found women soldiers along dark roads, they would drive them to a safer spot and send a complaint by mail, which meant that their trial would be held much later.

As of March 16, women soldiers who are caught will be taken to a Military Police camp and tried immediately or the following day.

Belgian firm admits sale of deadly chemicals to Iraq

'We didn't know it would be used for mustard gas'

By LIZ BARDER
and SHYAM BHATIA

BRUSSELS. – The Belgian subsidiary of the American multi-national Phillips Petroleum admits sending 500 tons of dangerous chemicals to Iraq in the summer of 1983. The thiodiglycol (TDG) was used to manufacture mustard gas employed by the Iraqis in the war with Iran.

Ludo Vleeschauwer, in charge of public relations at the Belgium subsidiary, said: "At the time we had no inkling of possible misuse of this chemical – no one has used it in warfare since the First World War.

The consignment of TDG was sent to Iraq via a Dutch firm of chemical suppliers, KBS Holland, allegedly as an agricultural chemical.

Phillips Petroleum Belgium says the organic sulphur compound has a wide range of uses including odorizing natural gas, manufacturing sealants and brake fluid and for use in textile printing. No controls were applied to its export in 1983 when Iraq was buying great quantities both from Europe and the U.S.

When the first Iranian wounded were seen in Belgium in 1984 and their injuries diagnosed as due to mustard-gas poisoning, the Belgian authorities demanded export licences from companies selling any of five chemicals used to manufacture nerve gases. Thiodiglycol was on the list.

The Belgian Ministry of Economic Affairs, responsible for issuing the licences, had one request for an export order destined for Spain. Phillips Petroleum sent five tons of thiodiglycol to Spain in July of that year.

The delivery is said to have been destroyed, but there are strong suspicions it was rerouted to Iraq. A spokesman for the Ministry said: "The export licence was granted but it is no protection against fraudulent transport." The Belgian port of Antwerp is renowned as the world's leading port for banned chemicals.

In March 1984, the Americans put thiodiglycol on a Commerce Department list with eight other substances used in the manufacture of nerve gases and forbade their export to either Iran or Iraq. However, the prohibited list does not cover chemicals being sent from U.S. subsidiary companies situated outside the U.S.

American officials here likened the situation to Bhopal, in that Phillips Petroleum Belgium is subject to Belgian regulations, not American ones. Jim Finlay, a spokesman at the U.S. embassy in Brussels, said: "We don't get into what American subsidiaries are getting into. What they do is their business. If we thought they were still sending the stuff we would speak to them and to the Belgian authorities. Chemical warfare is repugnant to our country."

The Phillips Petroleum subsidiary was built on a new site 80 kilometres east of Brussels. Its opening in 1982 aroused conflict and concern particularly from the Belgian Green Party.

The European Commission tried to set up a Community-wide list of banned chemicals in 1984, but failed when it ran up against Danish opposition. Instead, the member states agreed on a series of national actions. Currently there is no EEC list of chemicals which may not be exported.

Phillips Petroleum Belgium deny that the chemical is dangerous, although they add, "We do not have TDG sitting on our shelves and we are extremely careful about where it goes."

The body of an Iranian soldier who died from chemical gas burns in a London hospital was recently flown home to his family in Teheran. Ibrahim Hendozadeh is the second Iranian soldier to have succumbed to his injuries in London.

He was one of 14 soldiers who were admitted to the private 180-bed Wellington Hospital in North London last month. Iran periodically sends small numbers of its war wounded to West European countries for treatment to gain the maximum propaganda advantage in its war against Iraq.

The Iraqi authorities have denied using chemical weapons, but Iran claims more that 1,000 of its soldiers have been injured in gas attacks since it began its latest offensive last month. In Teheran a five-member team from the UN has arrived to investigate the Iranian claim.

Doctors at the Wellington have expressed concern that adequate medical checks are not being carried out on Iranian soldiers before they are admitted into the country. A spokesman for the hospital said it was important that the gas – believed to be mustard gas – was not "active" inside the bodies of the soldiers.

More than 300 Iranian students singing funeral songs accompanied Hendozadeh's body from London's Marble Arch to the mosque of the Islamic Universal Association in Holland Park. Two young children carrying a portrait of an Iranian chemical-gas victim walked behind the hearse where wailing women in black chadors (cloaks) and men wearing black arm bands followed behind them.

(London Observer Service)

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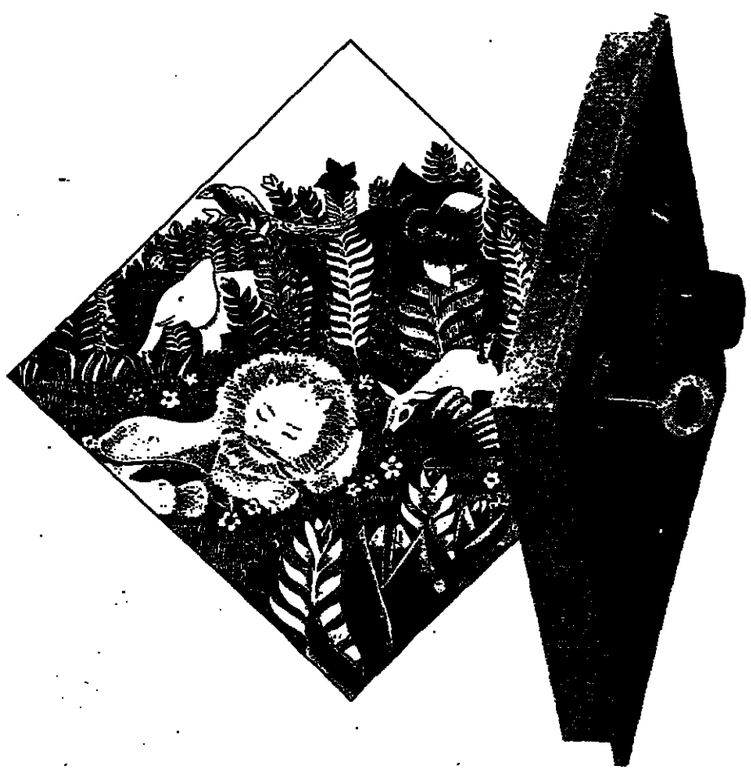
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Confusion still reigns in Philippines

Aquino moots 'revolutionary regime'

MANILA. – President Corazon Aquino's administration plans to proclaim itself a revolutionary government "in a few days," promulgate a new constitution and hold elections for local officials in November, the Philippine news agency reported yesterday.

PNA reported Political Affairs Minister Antonio Cuenco as making the disclosure at a news conference in the central Philippine city of Cebu on Saturday.

"In a few days, President Aquino will declare that indeed there is a revolutionary government," Cuenco was quoted as saying, adding the proclamation of such a government was necessary to facilitate reform of an autocratic system left by deposed president Marcos.

Aquino, powered to the presidency by a civilian-backed military rebellion, completes two weeks in office today amid confusion, questions about her government's legitimacy and with a fragile hold on the instruments of administration.

The two weeks have seen unwavering euphoria over the ousting of Marcos and growing goodwill and support for Aquino, even from Marcos's former ruling party.

But confusion reigns at her temporary headquarters – in a building owned by her family which has been besieged by "favour seekers," over conflicting orders, appointing officials to key posts as well as over the release of political prisoners.

Many of her supporters want her to abolish parliament and write a new constitution to restore checks and balances within the government.

Human rights lawyers led by former senator Jose Diokno said in a letter to the Malaya newspaper *Today* that she must end ambiguity by declaring a provisional revolutionary government.

The most serious challenge to her fledgling government has come from officials appointed by Marcos in the judiciary, the administration and the provincial governments.

All are protected by a constitution written by Marcos in 1973 which helped him to extend his rule to 20 years. Most judges have refused to resign as have mayors and provincial governors, but political analysts believe the formation of revolutionary government would help Aquino to remove the last vestiges of the Marcos years. (AP, Reuter)



Woman becomes pregnant for 14th time to beat jail rap

PESCARA, Italy (Reuter). – A woman sentenced to 10 months in jail has become pregnant for the 14th time to avoid going to prison, the daily *Corriere Della Sera* reported yesterday.

Elisa Spinelli, 42, has had a child a year since 1975, when she was first sentenced to jail for stealing a chicken. Under Italian law, women convicted of minor offences cannot be imprisoned if they are pregnant.

Paramilitary Carabinieri police went to take Spinelli to prison on Saturday, but were forced to release her when she showed them a certificate testifying to her condition.

Waldheim rejects new 'evidence'

VIENNA. – A Vienna news magazine has published a second document purporting Kurt Waldheim's membership in Nazi organizations, but the presidential contender yesterday categorically denied the allegation.

The March 10 issue of *Profil* printed a facsimile of a 1946 "Diary of the Procedure" on Waldheim's application for an attorney's licence.

The diary contains a reference to a questionnaire dated April 24, 1940, with the entry: "NSDAP (Nazi Party) not yet possible, since (drafted) in military service" and "SA Reitersturm 5-90 18.11.38," designating membership in an equestrian group of Nazi storm troopers.

In a *Profil* interview, Waldheim said he was never a member of the SA or the Nazi student union and that he never filled out the questionnaire. He did not rule out that members of his family might have done so on his behalf without his knowledge.

A week ago, *Profil* published a military registration card mentioning Waldheim's alleged membership in the two Nazi groups.

The World Jewish Congress and *The New York Times* reported Tuesday that Waldheim had been a member of a unit accused of committing war crimes in the Balkans. Waldheim said he had worked only as an army translator and was innocent.

Waldheim, running for president in the May 4 elections, denounced in a television panel discussion yesterday what he called "a large-scale defamation campaign against me, which is unprecedented, to that extent, in Austria's postwar history."

'Honesty boxes'

LONDON. – Passengers arriving at London's Heathrow Airport on Saturday were invited to place details of illegal diamonds, heroin, excess bottles of gin and other unauthorized gains in "honesty boxes," as customs officers staged a 24-hour strike over personnel shortages. There were no reports of passenger response. (Reuter)

FOREIGN NEWS IN BRIEF

Soares sworn in a president of Portugal

LISBON (AP). – Socialist three-time prime minister Mario Soares, 61, took the oath of office yesterday as Portugal's 16th president and first civilian head of state in 60 years.

Soares's oath ended the two-mandate, 10-year tenure of former president Antonio Ramalho Eanes, the career army officer whose repression of an attempted extreme-left coup led to a return to civilian government.

Soares defeated rightist candidate Diogo Freitas Do Amaral in elections on February 16, gaining 51.18 per cent of the vote to his opponent's 48.82 per cent showing.

Soviet defector decides to go home

BONN (Reuter). – A Soviet defector returned home to the Soviet Union last week of his own free will after spending more than four months under the protection of West German counter-intelligence, the magazine *Spiegel* said yesterday.

Spiegel said the affair had close parallels with the case of Soviet defector Vitaly Yurchenko, who returned to Moscow late last year after earlier seeking asylum in the U.S.

The magazine said West German and Soviet officials had agreed to keep the case of the man secret. It named him only as Skhuval V., a high-ranking employee of a Soviet-West German trading company and believed to be a KGB agent.

Patient not told he has artificial heart

BERLIN (AP). – The first West German to receive an artificial heart was in stable condition yesterday but had not been told his own heart was replaced by a mechanical device, doctors said.

Dr. Emil Buecherl, who designed and implanted the artificial heart, said the plastic device was functioning "without any problems" two days after it was implanted.

"We have not told the patient that his own heart was taken out and replaced with an artificial heart because we wanted to prevent him from being disturbed," Buecherl said.

Bengal tiger saved from Taiwan butcher

TAIPEI (Reuter). – A Bengal tiger destined to be served as a gourmet dish at a Chinese banquet has been saved by a rich businessman amid outrage over the slaughter of the animals in Taiwan.

The tiger, smuggled in from India or Bangladesh, is now in a zoo in the southern port of Kaohsiung after the businessman bought it from a butcher for $10,700, the city's mayor said.

Newspapers yesterday quoted the businessman, Su Nan-Cheng, as saying that eating tiger-meat – believed by some to preserve virility – was barbaric.

Bombay renamed Mumbai, after Hindu deity

MUMBAI, India (AFP). – Bombay is Bombay no more.

Now regionalism has triumphed, and this west coast business hub of nine million people has been renamed Mumbai, after a Hindu deity worshipped by Marathas, the city's original residents.

The name change was made earlier this year after the regional Shiv Sena Party beat Prime Minister Rajiv Gandi's Congress (I) in local municipal elections.

The party swiftly passed a resolution renaming the city. Several attempts to do so in the past were thwarted by federal objections that the name Bombay was too well known internationally.

Four blacks killed, two days after emergency rule lifted

JOHANNESBURG (Reuter). – Four black people were killed overnight as widespread violence flared in townships around South Africa two days after the government lifted a seven-month state of emergency.

Police said riots were reported from townships in three of the country's four provinces, with security forces repeatedly using teargas and shotguns to disperse crowds.

At Aliwal North in the Cape Province a young girl, whose age was not disclosed, died after police fired shotguns during disturbances at a sports stadium, a spokesman said.

A man was killed at Kwazakele, also in the Cape Province, when a policeman fired at a crowd hurling petrol bombs at his house.

The two other victims were burnt to death by black crowds in separate incidents. A woman died at Dennilton in the Transvaal, while a man was killed at Jansenville in the Cape.

The killings by burning have become a common ritual in the segregated townships, directed against people seen as collaborators with white domination.

Seven people were injured and 27 arrested during the widespread disturbances, the spokesman said.

Violence was reported from 15 townships scattered around the country, only two days afer the government lifted the draconian emergency rule saying unrest was on the decline.

Some 1,160 people, most of them black, have died in over two years of violence and independent statistics show the death rate in anti-apartheid agitation has more than doubled since the emergency was clamped on major population centres on July 21.

The spokesman said later that a white woman had been detained in connection with explosions which recently rocked three police stations. Her identity was not disclosed.

Bangladesh navy storms four ships idled by strikes

CHITTAGONG, Bangladesh. – Navy commandos stormed four strike-bound Bangladesh ships at Chittagong port and arrested several officers, the shipping corporation said.

A corporation spokesman told Reuters the navy had been asked to help to end a week-old pay strike by nearly 600 merchant navy officers which idled 21 vessels, including 17 in foreign ports.

Several officers including strike leader Khairul Anam were arrested, the spokesman said.

"The corporation has lost $100,000 a day during the illegal stoppage. We cannot allow the situation to continue any longer," he said.

The authorities had already stopped supplying drinking water to the strike-hit ships after negotiations failed.

Port officials said they intended to man the ships with naval crew.

Teheran reports 3 Iraqi warplanes downed at Faw

NICOSIA (Reuter). – Iranian anti-aircraft batteries dug in on Iraq's southern Faw peninsula shot down three Iraqi warplanes yesterday, the Iranian news agency Irna reported.

Iraq, for its part, reported shooting down an Iranian helicopter on the Suleymaniyah front in the north.

The Teheran claim took to 70 the number of Iraqi warplanes reported downed over the peninsula since it was captured by Iran in its month-old "Dawn-8" offensive.

Irna said its reporter witnessed two of the planes going down and said one pilot bailed out. Iranian fighter planes played a part in the action, Irna added, without giving details.

Romanian Foreign Minister Ilie Vaduva arrived in Teheran yesterday for a three-day visit during which diplomats said he would have talks with Iranian officials on bilateral and regional issues including the Gulf war.

Halley's Comet dust hits Soviet Vega space probe

MOSCOW (AP). – The Vega-2 space probe rocketed across the path of Halley's comet yesterday, suffering some damage from high-speed collision with dust but still relaying data and images that have space scientists churning out new theories on the comet's makeup.

Vega-2, the second Soviet-launched probe to rendezvous with Halley's comet over the past week, flew at a speed of about 80 kilometres per second in front of the comet, making its closest pass at a distance of 8,200km. from the nucleus.

About 100 space scientists from around the world gathered in a hall of the Soviet Institute for Space Research to watch electronically produced images of the comet as they arrived back to the earth nine minutes later.

The scientists also provided each other with some instant analysis of results from the experiments on board both Vega-2 and it's sister probe Vega-1, which made its closest approach to Halley's comet on Thursday.

Roald Sagdeyev, head of the Space Research Institute and overseer of the international Vega project, said minutes after the images arrived from the encounter that the comet's nucleus appears to be "a solid body levitated in a dust cocoon."

He and other space scientists agreed the diameter of the nucleus appears to be about six kilometres and that it is ellipse-shaped. But the exact measurements of the solid core within the travelling dust cloud remain unknown.

The Vega-2 spacecraft experienced at least a 40 per cent power loss after solar panels and some external instruments were damaged by the dust it was travelling through, said Georgy Golitsyn of the Moscow Atmospherics Institute.

SPORTS

United hammered

MANCHESTER (AFP). – West Ham, London's last survivors in this season's English FA Cup, shocked holders Manchester United here yesterday by knocking them out in a fifth round replay with a 2-0 win.

United seemed to have done the hard part by drawing 1-1 at Upton Park, but an 18th minute goal from midfielder Geoff Pike and a 54th minute penalty by right-back Ray Stewart gave them a rude awakening.

Indeed, but for a superb save by United keeper Chris Turner from Tony Cottee and Frank McAvennie hitting a post, the Hammers would have qualified for a quarter-final at Sheffield Wednesday more easily.

15-year-old champion

PEKING (Reuter). – Wang Yan, aged 15, yesterday set a world record for the women's five km walk with a time of 21 minutes 22.8 seconds in the east China city of Jian, the official New China News Agency reported.

She beat the previous best for the distance of 21 minutes 36.2 seconds set by Russian Olga Krishtop in August 1984.

Sweden through, WG in trouble

Czechoslovakia, Sweden (the holders) and Australia have joined Britain in qualifying for the quarter finals of the Davis Cup world zone. They all made sure of their victories yesterday but two highly fancied countries have been in trouble.

In the most precarious situation are last year's runners-up West Germany who find themselves surprisingly trailing by two matches to one to Mexico. Boris Becker was beaten in the singles and then the Germans dropped the doubles as well, Lavalle and Pascale beating Becker and Maurer in five sets.

Becker late yesterday beat Francisco Maciel 6-3, 6-1, 6-1 to level the tie at two matches each.

The U.S. were also only 1-1 with Ecuador after the first day but yesterday the world's top doubles combo Flack and Seguso boosted U.S. confidence with a comfortable victory in the doubles. Italy lead Paraguay 2-1.

Another landmark for Martina

PISCATAWAY, New Jersey (AP). – Martina Navratilova became the first tennis player to earn more than 10 million dollars by winning the $100,000 U.S. women's indoor championship here on a controversial match point.

Navratilova served her only ace in the 100-minute contest on a match point to defeat Helena Sukova 3-6, 6-0, 7-6 (7-5) and win the event for the fourth time. The angled serve seemed out to many in the crowd. Sukova made a halfhearted attempt to return it and then looked in disbelief when she realized it was not called out.

Navratilova said she would have played the point over if she thought it was out.

The hard-fought victory was worth $32,000 to the six-time Wimbledon champ and boosted her career earning to $10,806,424.

England battered

Post Sports Staff

England face another uphill battle to save the second cricket Test against the West Indies in Trinidad. Although they managed to dismiss the West Indies for 399 on the third morning, they were quickly in trouble again themselves when Slack was run out for a duck attempting a suicidal single.

Malcolm Marshall added to his devastating bowling performance when he scored a rapid 62 not out to become the Windies third highest scorer after Richardson (102) and Haynes (67). John Embury was England's most successful bowler with analysis of 5-78.

SCORES England 176 and 46-1; WI 399 all out.

Topping the boards

PORTLAND (AP). – Kiki Vandeweghe scored the 10,000th point of his pro career on Saturday night, winding up with 29 points as Portland defeated Utah 104-90 in a National Basketball Association game.

The Jazz were without starting centre Mark Benton, benched with a sprained left ankle, and all-star forward Adrian Dantley, who was sent home earlier in the day for disciplinary reasons.

In Inglewood, Earvin "Magic" Johnson scored six points in the second overtime and made a key steal with five seconds remaining as the Los Angeles Lakers downed the Sacramento Kings 122-121.

Johnson's three-point basket with five seconds remaining in regulation play had tied the contest 103-103 and sent the game into overtime.

Johnson, who scored 33 points in the contest and had 17 assists and five rebounds, hit three long jumpers in the second overtime.

'Racism still exists in U.S. baseball'

MESA, Arizona (AP). – Former St. Louis Cardinals centre fielder Curt Flood, who wrote a controversial book called "The Way It Is" in the mid-1970s about racism in major league baseball, says he wishes he could update it because the situation still exists.

"If I had a chance to rewrite it, it would be more critical – not only of myself, but of the people that are involved in the game," Flood said. "After all these years, we've only had two black managers. There are none in the front office expect for Henry Aaron in Atlanta."

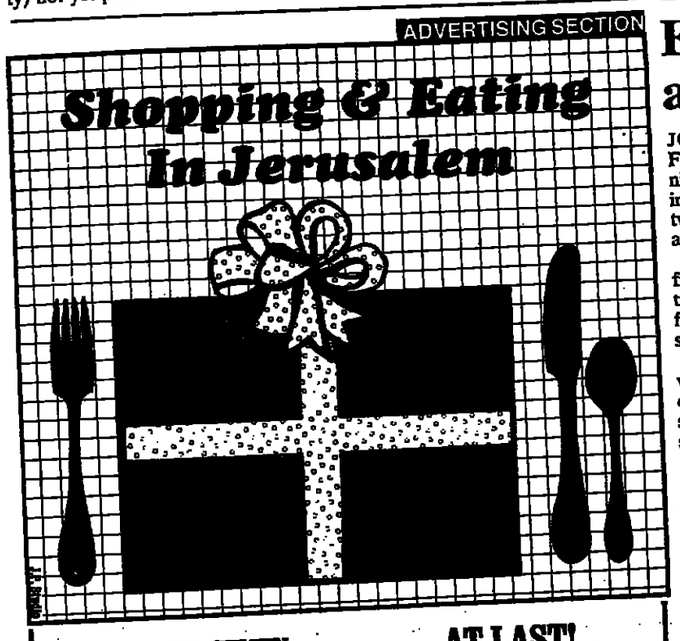
SPORTOTO DIVIDENDS

There are no millionaires from the weekend football pools. So many people forecast all 13 matches correctly (at least 300 by last night) that the final dividends will only be worked out today.

Despite the bonanza overall payout, dividends will be small. One thing for sure, since almost a quarter million entries had 10 correct, the fourth prize will not be distributed and will be held over for next week's pool.

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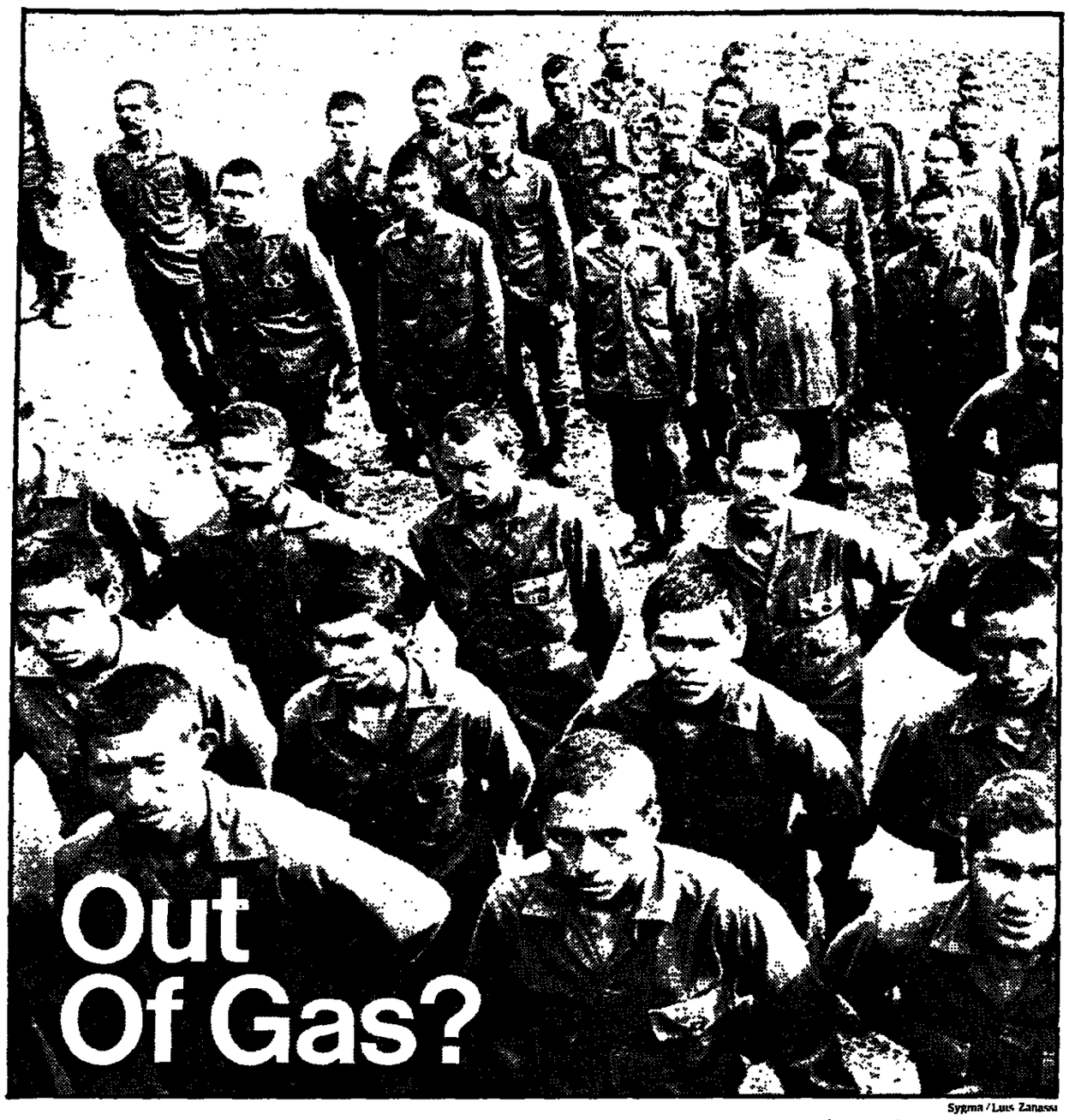
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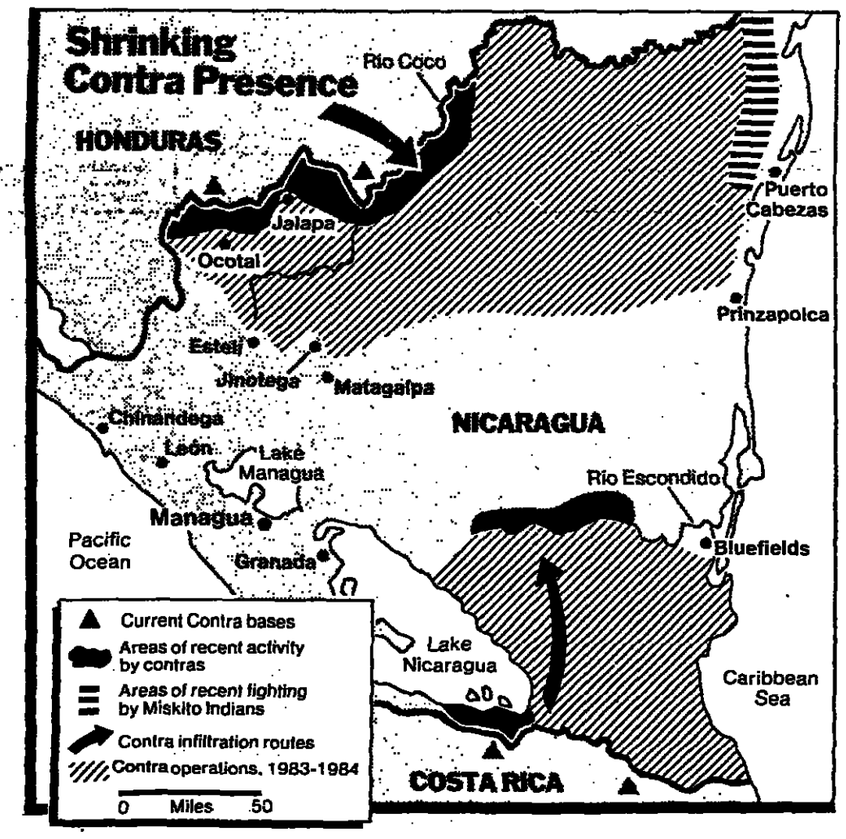
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Sygma / Luis Zanassi

Anti-Sandinista guerrillas training in Nicaragua near the Honduran border in September.



Battle-Weary Contras Await Reinforcements

By JAMES LeMOYNE

TEGUCIGALPA, HONDURAS

As President Reagan leaned on Congress last week to back increased American involvement in the guerrilla war in Nicaragua, the insurgent army *the Administration hopes will* topple the commandantes in Managua languished in Honduras, apparently no longer a match for the Sandinista troops.

In Washington, beseeching Congress with rhetoric, Mr. Reagan and his aides sought $100 million for the rebels, $70 million of it in *military* aid. Mr. Reagan said the choice was one of supporting him or the Communists. Responding to the Administration's campaign, Representative Michael D. Barnes, a Maryland Democrat, said the President and his assistants were committing "the moral equivalent of McCarthyism." By the end of the week, five House committees had voted on the aid, and the score was 4-1 against the President. A vote of the full House is scheduled March 19.

Here in the region itself, it is clear that there are several reasons for the rebels' decline. Some of them seem serious enough to make resuscitating the guerrillas a long and difficult operation with no guarantee of success. Western diplomats estimate that, given substantial aid and time for training, it could take the rebels as long as two years to become an *effective force.*

Among the handful of anti-Sandinista forces operating out of Honduras and Costa Rica, the Nicaraguan Democratic Force based in Honduras is by far the largest and strongest. Before *Congress cut off military* aid in mid-1984, the rebels, numbering *perhaps* 8,000 to 10,000, bloodied the Sandinistas in forays across almost a third of Nicaragua. The Administration now charges that ending the arms supply is the main reason the rebels stumbled. But their problems appear to have begun before the cutoff and to involve more than a mere bullet shortage.

One of the paradoxes of Nicaragua is that support for the revolution, both inside and outside the country, is diluted by strong and probably growing discontent with the Sandinista Government. But somehow this does not translate into support for the American-backed guerrillas.

"*If the Sandinistas just disappeared or* were defeated by a mass internal uprising, almost every government in Latin America would give a great sigh of relief," said a Western European ambassador. But virtually *no foreign government, despite its mis*givings about the Sandinistas, has been willing to join the United States in open support of the no-longer-secret anti-Sandinista war.

And Nicaraguans inside and outside the *country remain strongly divided over* whether to back the guerrillas. The rebels' origins help account for their uncertain appeal. Washington turned to the defeated Nicaraguan National Guard, which had *served the dictator Anastasio Somoza* Debayle. Contract agents of the Central Intelligence Agency and Argentine army officers who had set up government death squads in their own country became the guerrillas' trainers, according to American and Honduran officials.

Support From Peasants

Despite their notoriety, the former guardsmen initially found surprising support among conservative peasants in northern Nicaragua. But the illiterate peasants and their commanders offered no coherent political program to replace the Sandinistas. Even worse, the rebels often killed or brutalized Sandinista soldiers and Government officials they had captured.

In a conflict whose success depended on winning public support, the C.I.A. made things worse by giving the guerrillas a manual that instructed them to assassinate Sandinista officials and hire criminals for *especially dirty work. Before long, the San*dinistas had ample evidence to wage a devastating propaganda war, a campaign from which the insurgents have never really recovered.

It is uncertain what the guerrillas would have achieved if their supply of weapons had not been cut off. They had gained significant *support in some rural areas, enough to* drive the Sandinistas to forcibly relocate tens of thousands of peasants who backed the rebels. But the guerrillas' popular support did not appear to extend beyond isolated rural areas, and the Sandinistas rapidly improved their tactics and weaponry. A rebel offensive failed last summer, and they then opened a new front in Southern Nicaragua, where there are infrequent skirmishes. Elsewhere, the contras are on the defensive and clashes with the Sandinista troops are rare.

The guerrillas do not have the weapons to reply to the rockets, artillery and helicopter *gunships now in the hands of the Sandinis*tas, supplied by Cuba and the Soviet Union. And unlike the haphazard Somoza regime, the Sandinistas have a Cuban-trained police force that weeds out rebel supporters with daunting efficiency. Since most basic products are rationed in Nicaragua, the guerril*las cannot equip themselves inside the coun*try but must maintain long, vulnerable supply lines from Honduras.

The rebels have compounded their troubles by waging a war of large units instead of breaking into small patrols to hit the Sandinistas and run. They have also chosen to *attack politically sensitive targets,* including coffee pickers, agricultural cooperatives and civilian Government officials whom many Nicaraguans do not consider legitimate targets of war.

*Until now, the rebels supported by Wash*ington have not been a serious threat to the Sandinista Government. They could pose such a threat, if they could gather support from the growing internal opposition to the Government. But to do so, it seems, they will not only have to become a better-armed and better-trained force. They will also have to develop a more humane image and a genuinely popular political program.

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Aquino Owes Victory Debt to Cardinal

Philippine Church: Power and Healing

By SETH MYDANS

MANILA

When the Archbishop of Manila, Jaime Cardinal Sin, raised his hand in benediction at a huge outdoor thanksgiving mass last *Sunday in honor of the new President,* Corazon C. Aquino, his thumb and index finger seemed almost automatically to form the "L" sign that was her campaign symbol.

And when, after what seemed to be *months of containing himself,* he broke into his mass to lead the crowd in a chant of "Cory, Cory, Cory," he left no doubt where his sentiments lay.

Since the start of her campaign, Mrs. Aquino has had the increasingly open support of the Roman Catholic Church, the religion of 85 percent of the population. Facing *the organized political machine of President* Ferdinand E. Marcos, the church's nationwide infrastructure became in effect her infrastructure. Barred from equal access to the mass media, she relied on the pulpits of *the nation, which became her pulpits.*

When breakaway military officers faced down the armies of Mr. Marcos, Cardinal Sin's call to the faithful to gather in the streets and block the President's tanks was a decisive factor in the events that led to his capitulation. Now that Mrs. Aquino has won, riding the crest of public support that is unprecedented in *modern Philippine history,* her victory has become the church's victory.

With her new Government under strain as it seeks to find its structure, and the military beginning a painful process of cleansing, the Catholic church has become, *even more* than ever, one of the most powerful institutions in the nation.

Enjoying the respect of both the new Government and the army — and the personal *devotion of their respective leaders* — the church is in a position to play the role of broker as the country attempts to reconcile its many divisions. The growing pains of the Government and military are intertwined, *with Mrs. Aquino and her powerful Defense* Minister, Juan Ponce Enrile, seeking a balance of influence.

The military objected strongly, but acquiesced, in the releases of political prisoners, *which climaxed last week with the freeing of* the founder of the Communist Party of the Philippines, Jose Maria Sison.

Mr. Enrile, publicly loyal, now says he does not object to Mrs. Aquino's next plan, a *cease-fire and dialogue with Communist* rebels. But at the same time, he says he has been fighting these rebels for 16 years and knows them to be professional soldiers whose one goal is to seize power.

The release of Mr. Sison was a gamble for the new Government, offering a public forum to a persuasive polemicist, and allowing the forces of the Communist opposition to regroup around its released leaders.

The hope is that Mr. Sison and others might modify their opposition to a moderate government when they see that Mrs. Aquino has genuine reform in mind, and join her in seeking the welfare of the people.

Pre-empting Radical Priests

Indeed, Mrs. Aquino's victory has been a blow to the left, sapping it of its main issue — the repressive regime of Mr. Marcos — and giving activists a moderate cause to which they can lend their energies.

For the church, Mrs. Aquino's victory is already having a comparable effect.

For several years now, priests in *the towns and barrios around the country have* been drifting leftward, attracted by a focus *for opposition to what they have said is the* evil they see around them: violence, injustice and economic imbalance at all levels. Mrs. Aquino enlisted the support of even the radical clergy during her election campaign, and her victory appears to have gone a considerable way toward healing a growing split between moderate and left-wing priests.

Indeed, there is some talk in Manila now about a new Philippine formula for dealing with liberation theology, the concept borrowed from Latin America of a radical, activist church that takes its place in the front lines of social revolution.



Drawings by James R. Jones

President Corazon C. Aquino (top), Vice President Salvador H. Laurel, and Jaime Cardinal Sin.

Instead of confronting its radicals, as *moderate and conservative churchmen have* in Latin America, the Philippine hierarchy has pre-empted them, taking an activist political stance that appears to have caused concern to Pope John Paul II.

After meeting with the Pope in Rome last week, Cardinal Sin said he had reassured him that the activism of the Philippine church "is not political. It is a moral dimension." The Cardinal added: "And he smiled because he understands. He came from Poland."

'The Unseen General'

If the church can win its radical priests back toward moderation, in support of the Aquino Government it helped create, they can be expected to bring along with them large portions of the population who had also begun looking toward the left for answers to social problems.

In Manila now, people are calling the Cardinal "the unseen general," the commander *who "passed on orders from the man* above."

"If he had not called out the people to protect Enrile and his men, they would have been dead, and Mrs. Aquino would not have *been President," said a local journalist.*

In addition, many churchmen would probably have been arrested by the Marcos Government, which increasingly has seen them as the enemy. Church workers had taken a *leading role in frustrating the Government's* attempts to rig the election, and Mr. Marcos had responded with public accusations that "priests and nuns" had themselves been responsible for election fraud and violence.

Cardinal Sin was jubilant at the open-air mass last Sunday, where hundreds of thousands cheered him and Mrs. Aquino. His speech was a victory speech, and a call to action. "The peaceful revolution has begun," he said. "We may not go only half way."

In Rome a few days later, the Cardinal *said the Pope cautioned him, "the church* should not be powerful." It was an admonition that the Cardinal may find as difficult to fulfill as any of the church's accomplishments of recent weeks.

Will the Loser Keep His Spoils?

WASHINGTON



The dispute over the wealth of Ferdinand E. Marcos seemed to be heading for a lengthy legal *battle last week, a prospect* that apparently was unsatisfactory both to supporters of the former Philippine President and to the new Government of Corazon C. Aquino. At issue was $1.5 million in Philippine pesos, *more than $5 million in jewelry,* and documents brought to Hawaii by the Marcos entourage, as well as the status of real estate holdings in New York, which were temporarily frozen by a State Supreme Court Justice at the request of the Philippines.

The United States was an uneasy middleman. The money [illegible] arrived in Hawaii on two Air Force planes and were in the custody of the Customs Service. The Philippines *wants to repossess some of them and to* obtain quick access to documents that might help trace other assets, such as $80 million said to have been diverted from a 1976 contract for a nuclear plant. The supplier, Westinghouse Electric Company, said last week that allegations of illicitly inflated costs were "completely without merit."

Administration officials said they may ask a Federal court to decide who should have access to the possessions in Hawaii. But a lawyer *for the Philippines,* Michael Ratner, objected: "It could take years to sort this out, a minimum of two years; we've got to get access to the documents," he said. A Marcos associate said the former president was also unhappy at the handling of possessions he insists are his. (President Reagan said Mr. Marcos was already a millionaire lawyer before becoming president in 1965.)

The Aquino Government won a round in New York. It obtained permission from a state court to take a deposition from Mr. Marcos (who does not have legal immunity, Justice Department officials said). And in the Philippines, the Government said it had found a document directly linking Mr. Marcos to control of the New York real estate. But these properties, with probable equity of less than $100 million, may represent only a fraction of Mar*cos family wealth, which is estimated* in the billions by officials of the Aquino Government and United States intelligence agencies. —JEFF GERTH

The World

Pretoria Says The Emergency Has Ended

The Government of South Africa lifted the seven-month-old state of emergency and released 327 people from prison last week, trying to show that things were improving in the racially divided land. But the national security forces retained broad powers to counter increasing violence. Even before the emergency was actually lifted, the Government's move elicited skepticism from the right and the left. For example, the right-wing Conservative Party said: "The President is creating the false impression that the security position in the country has improved, while the revolutionaries are in fact busy sharpening their onslaught."

On the day before the emergency was rescinded, the offices of a group seeking the release of black leader Nelson Mandela were damaged in a fire activists said had been set by police.

President P.W. Botha also had news for one of South Africa's neighbors, promising that his Government would agree to a United Nations plan for the independence of South-West Africa, also known as Namibia, to start August 1. But there was a condition that could nullify the offer: Before South Africa ceded control of the huge territory, it would need firm assurance on the withdrawal of the estimated 30,000 Cuban troops now in neighboring Angola.

Still, at week's end, State Department officials were in Geneva and southern Africa to discuss Pretoria's proposal with Soviet officials and those of South Africa and Angola.

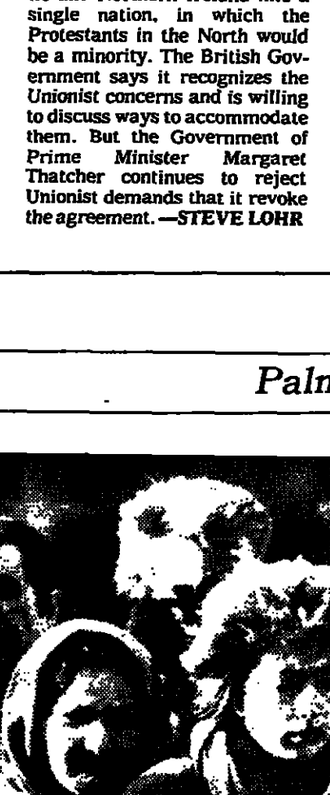
Waldheim's Past Clouds His Future

Kurt Waldheim has often brushed aside questions about his youth in Nazi-ruled Austria. But last week, after researchers for the World Jewish Congress came up with German and Austrian documents the former Secretary General of the United Nations acknowledged that he had joined a Nazi student union and a unit of the Nazi paramilitary SA, or Brownshirts, in 1938, and that he was later on the staff of an Austrian general, Alexander Löhr, who was executed as a war criminal in in 1947. Mr. Waldheim said he joined the Nazi groups as a student to preserve his chances for a diplomatic career and protect his family; his father had lost a teaching job for supporting a leader who resisted the Nazi takeover of Austria. Later, as a military interpreter Mr. Waldheim said last week, he knew nothing of General Löhr's role in the mass deportation of Greek Jews to death camps.

"For 40 years, nobody cared about all this," he protested. "The Austrian intelligence, as well as probably all international intelligences, checked me carefully when I became Secretary General of the United Nations" in 1972. "Now, because I am running for the presidency in Austria, suddenly somebody digs in and produces accusations, which are completely untrue."

Milt Freudenheim, James F. Clarity and Richard Levine

Ulster Strike Turns Violent



Reuters

Demonstrators in Belfast during one-day strike last week.

BELFAST, Northern Ireland — The general strike called by Protestant leaders last week shut down much of Northern Ireland but it failed to achieve its broader aims.

Unionist politicians had said the one-day strike would be a nonviolent display of Protestant dissatisfaction with the British-Irish agreement, which was signed last November and which gives the Government in Dublin a consultative role in the North.

But the strike on Monday was marred by widespread violence and intimidation, underscoring the growing influence of militants in the Unionist ranks.

James Molyneaux, leader of the Official Unionist Party, which helped organize the strike, said the day's violence left him "horrified, shocked and disgusted." He added: "It damages the Unionist cause."

In many parts of the province, electricity was shut off, traffic stopped, schools and stores closed, and factories slowed to a standstill. But it was the scenes of masked men, burning cars and rock-throwing youths that provided the lasting images.

At first, the Unionists, led by Mr. Molyneaux and the Rev. Ian Paisley, hailed the strike as a democratic expression of the Protestant majority. Later, however, they denounced the mayhem and said no more strikes were being planned for the time being.

The Unionists fear that the Anglo-Irish agreement is a first step toward melding the Republic and Northern Ireland into a single nation, in which the Protestants in the North would be a minority. The British Government says it recognizes the Unionist concerns and is willing to discuss ways to accommodate them. But the Government of Prime Minister Margaret Thatcher continues to reject Unionist demands that it revoke the agreement. —**STEVE LOHR**

Modernizing the Military



Agence France-Presse

Prime Minister Felipe González campaigning in Andalusia, Spain, last week, in favor of keeping the country in NATO.

If Spain Leaves NATO, Both Could Be the Poorer

By EDWARD SCHUMACHER

MADRID — With the approach of a referendum Wednesday on whether Spain should quit the North Atlantic Treaty Organization, one of the central issues — the military significance of membership — often seems obscured in the national debate. Until now, political rather than military questions have been predominant.

Polls indicate that the Government of Prime Minister Felipe González is lagging in its campaign to persuade Spaniards to stay in the alliance, and there have been reports that the Prime Minister might resign if he loses the referendum.

A broader political concern seems to be the fear elsewhere in NATO that the referendum might set a precedent for such shaky alliance members as Greece and deal a psychological blow to Western unity, possibly damaging the United States position in arms control negotiations with the Soviet Union.

NATO experts say the loss of Spain would not be a military catastrophe, but neither would it be insignificant. Like France, Spain, which joined NATO in 1982, remains independent of the organization's integrated military command. But unlike France, Spain does participate on many of NATO's military committees and has altered its own defense plans to accommodate NATO's. The González Government has stayed outside the command structure partly because it hopes to use integration as a bargaining chip to regain Gibraltar from Britain and partly because it feared that Spaniards would not accept its joining.

Unlike France, Spain does participate on many NATO military committees and has altered its own defense plans to fit those of the alliance. It has also long been host to some 12,500 American troops who provide a direct military link to NATO. Their presence is not covered in the referendum, though Mr. González has sought to cater to anti-American feelings by opening talks on United States troop reductions.

Spain is part of NATO's "defense in depth" strategy. In the event of war in central Europe, Spain is seen as a key rear base for shuttling troops and supplies to the front and as a vital point to help control the Strait of Gibraltar, the Western Mediterranean and the Atlantic around the Canary Islands, all important passages for convoys.

In the long run, NATO planners say they hope Spain will integrate militarily with the rest of the alliance. Spaniards are considered crucial to NATO's manpower pool. Spain has more than one million reservists, second only to the United States among NATO members.

Franco's Legacy

One legacy of Francisco Franco's dictatorial regime is a military force of mixed quality that is a generation behind in armaments. Defense Minister Narcis Serra has undertaken an aggressive plan to reduce the mostly conscript army from 230,000 to 150,000 men by 1990. Older army officers are being retired, and merit is beginning to count more than seniority in making promotions. The navy and, especially, the air force are rated as leaner and more professional than the army, which is top-heavy with generals.

A 1983 law permits arms expenditures to grow faster than the rest of the Spanish budget, and the emphasis has been on air and naval forces, which dovetails with NATO's own aims. An American-designed, Spanish-built light aircraft carrier, the "Principe de Asturias," will join the navy's eight submarines and 25 destroyers, frigates and corvettes this year. The air force has contracted to buy 72 American F-18's for $2.5 billion, and the army is to get new tanks.

Issues, But Relatively Little Interest

A French Campaign Gets Low Ratings

By RICHARD BERNSTEIN

PARIS — Amid the campaign rhetoric that has washed over this country for the last few weeks, the results of one poll stood out, conveying a serious message for what is commonly, and with some derision, known as the political class. The poll, published in the rightist newspaper Le Figaro, asked whether the legislative election next Sunday would make a difference in French daily life or the standard of living. Fully 64 percent of the replies were "no."

"The result showed that there has been an utter failure of the political debate," a director of the newspaper said. "The candidates have not convinced the electorate that the choice between themselves and somebody else is a meaningful one."

In fact, many here have been saying for months that the elections will be the most important in France since 1981, when the Socialists won an absolute majority in Parliament for the first time in history.

The vote is expected to mark not only a swing away from the Socialists but also the beginning of prolonged political uncertainty, possibly leading to a full-blown constitutional crisis. This is because the right, if it does take over the Government, will have to run the country in cooperation with the Socialist President, François Mitterrand, an arrangement with so much built-in conflict that few here believe it will work.

Why then — given this importance and the roar of speeches and arguments by the candidates — does much of the public seem uninterested?

Optimists here say the indifference of ordinary French voters reflects a healthy cooling of usually superheated political passions.

France, this reasoning goes, has historically been divided into sharply antagonistic factions: monarchists against republicans, clergy against laity, workers against bosses.



Special Features/Sipa Press/Jacques Witt

President François Mitterrand, left, meeting voters in Lormes, France, last month.

Now, the lukewarm response seems to show, France has grown more like other democracies, with two major political formations whose differences are matters of degree, not kind.

"The common conception of the spectrum in France is that you have a lot of people on the left end and a lot on the right," said Hélène Riffaut, a polling specialist for the Gallup organization in France.

"In fact," she added, the results of recent surveys "repudiate the notion that France is cut into two."

'Long Live Boredom'

"This does not necessarily mean that a party calling itself centrist would do well," Mrs. Riffaut said, referring to the entrenched French preference for identifying with the left or the right.

But there are signs that a kind of silent center is emerging. There has been a withering of the sharpest differences between the major parties of the left and right, so support for one or the other has become more a matter of tradition and loyalty than ideological conviction.

"Long live boredom," said a commentary on the campaign atmosphere in Liberation, a Socialist newspaper.

The ironic point, as Charles Hernu, a former Defense Minister, said last week, was that politics in a democracy should not produce combat; it should produce debate.

A more muffled contest, Liberation declared, one played "without the lacerations of yesteryear," is a sign that politics has taken its proper, ordinary place in French life.

Palme's Assassination Rips at a Country's Self-Image



Sygma/Nilsson

Swedes crowding the street in Stockholm where Prime Minister Olof Palme was killed.

Sweden's Leader and His Long Run

By JOSEPH LELYVELD

STOCKHOLM — In 1946 Sweden's Prime Minister, Per Albin Hansson, expired suddenly one evening on a trolley on his way home from the office. It was, a retired Swedish diplomat remarked the other day, the perfect death for a Swedish Prime Minister: on the job; unpretentious, in the midst of ordinary citizens.

Forty years and only two Social Democratic leaders later, Prime Minister Olof Palme died suddenly on his way home from the movies, gunned down by an assailant whose identity and motive were still unknown a week later. Reacting instinctively, many Swedes were quick to say that Sweden — by which they meant an idea of harmony and order as much as a country — would never be the same.

Provoking Washington

The sense of innocence shattering evoked comparisons to Dallas in 1963, but in political terms, a more appropriate American analogy was probably Warm Springs, Ga., 1945: Like Franklin Roosevelt, and unlike John Kennedy, Olof Palme dominated his country for a generation, evoking intense admiration and obsessive dislike in a manner that sometimes seemed to tear at the homespun fabric of Swedish politics.

"For nearly two decades," wrote Carl Bildt, a young Conservative in the Riksdag, or Parliament, who had been one of the Prime Minister's toughest critics, "Swedish politics was pro-Palme, anti-Palme or just Palme."

What was so domestically was even more true of neutralist Sweden's stance in international affairs. From 1972, when he provoked American ire by likening Richard Nixon's Christmas bombing of Hanoi to various Nazi and Soviet atrocities, through recent years when he involved himself in initiatives for a nuclear freeze and test ban, he made Swedish foreign policy "just Palme."

The force of his personality and the multiplicity of his causes tended to obscure the fact that, in terms of the institutions of social democracy and a political movement that has held tightly to the reins of power for all but 6 of the last 54 years, Mr. Palme was anything but a rebel. He was a great consolidator.

In the Swedish context, he was even — some would say, citing his resistance to any reappraisal of the institutions of the welfare state — a dedicated conservative. Most of Sweden's insistent campaigners for civil liberties and the protection of the environment tend to find homes in parties to the ideological right of the Social Democrats.

The task of holding his movement together required some sleight of hand, especially after an election last fall that left his minority Government dependent on one of the parties to its right, or the Communists to its left, for passage of any program.

Compared to other European societies, Sweden has had striking success in holding unemployment down, but this has been done at the cost of severe wage restraints that have meant an erosion in living standards.

Visiting Moscow

Searching for new taxes to finance new benefits that could make continued wage restraint palatable, Mr. Palme came up with a levy on stock transactions that sent the stock market on the last day of his life into its worst slump in years.

As sometimes happens after such a trauma, his assassination may buy time for policies that would otherwise be controversial, giving his successor, Ingvar Carlsson, who is less passionate and abrasive, a chance to revert to Swedish-style consensus politics. Mr. Carlsson said he would keep his predecessor's commitments on the world scene and expressed an interest in going through with a trip to Moscow that may be of less interest to Mikhail Gorbachev, the Soviet leader, now that Mr. Palme is gone.

In any event, few thought Mr. Carlsson could inherit Mr. Palme's activism. The attention came because he was Olof Palme, not because he was Prime Minister.

"He was greater than Sweden," wrote Carl Bildt, his critic, "and thus made Sweden somewhat greater."

هكذا من الاصل

Bankers Let the Sarney Government Rewrite Its I.O.U.'s

Brazil Is Keeping Its Head Above The Red Ink

By ALAN RIDING

RIO DE JANEIRO

IMPRESSED by Argentina's success in using "shock" treatment to end double-digit and triple-digit inflation, Brazil has prescribed the same medicine for its own overheated economy. President José Sarney insists, however, that the measures he announced 10 days ago "are not a copy of any program in any other country."

The contention was inspired by more than nationalist pride. Argentina has indeed dramatically reduced monthly inflation from 30 percent to around 3 percent since June, but in the process it has gone into recession, sharply eroding purchasing power. Mr. Sarney, with his political future on the line, is gambling that the similarities between the two debt-burdened neighbors will be less important than their differences.

Like Argentina, Brazil has lived for decades with high inflation. Both countries, emerging recently from long stretches of military rule, identified inflation as a principal obstacle to consolidating their new democracies. Mr. Sarney, like President Raúl Alfonsín of Argentina, froze wages, prices and rents and created a new currency only as a last resort — the annualized inflation rate had reached 1,000 percent in Argentina and 500 percent in Brazil.

But there, it seems, the similarities end. For Mr. Sarney, the political risks are greater than those facing Mr. Alfonsín, who was elected to a six-year term in 1983. Mr. Sarney lacks a popular mandate. He was selected as Vice President by an Electoral College and succeeded the President-elect, Tancredo Neves, who died in April before taking office.

If the economic measures fail, a Constituent Assembly to be elected in November could call direct presidential elections next year.

Return of Fast Growth

However, Mr. Sarney is dealing with a much stronger economy, despite Brazil's foreign debt of $104 billion, which is twice as large as Argentina's. While loans to Argentina often merely financed capital flight, most of Brazil's debt was invested at home, helping the highly diversified economy grow to be eighth-largest in the non-Communist world.

When the region plunged into recession after 1982, Brazil turned to exports, expanding or developing markets for products ranging from soybeans to orange juice and automobiles to armaments. Like its neighbors, Brazil suspended payments on the principal of its debt. But unlike them, it produced trade surpluses totaling $32 billion in three years.

Last year, with wages again rising despite inflation, Brazil's growth rate was 8.3 percent, the highest among major countries in the world, while Argentina's economy shrank by 4 percent. Consumer demand came alive, unused industrial capacity was mobilized and 1.5 million new jobs were created. Foreign exchange reserves rose to $9 billion. Reflecting the new self-confidence, Mr. Sarney announced that the International Monetary Fund would no longer determine Brazil's economic policy. Last week, dropping their usual insistence on an I.M.F. program, commercial banks agreed to reschedule part of the country's debt.

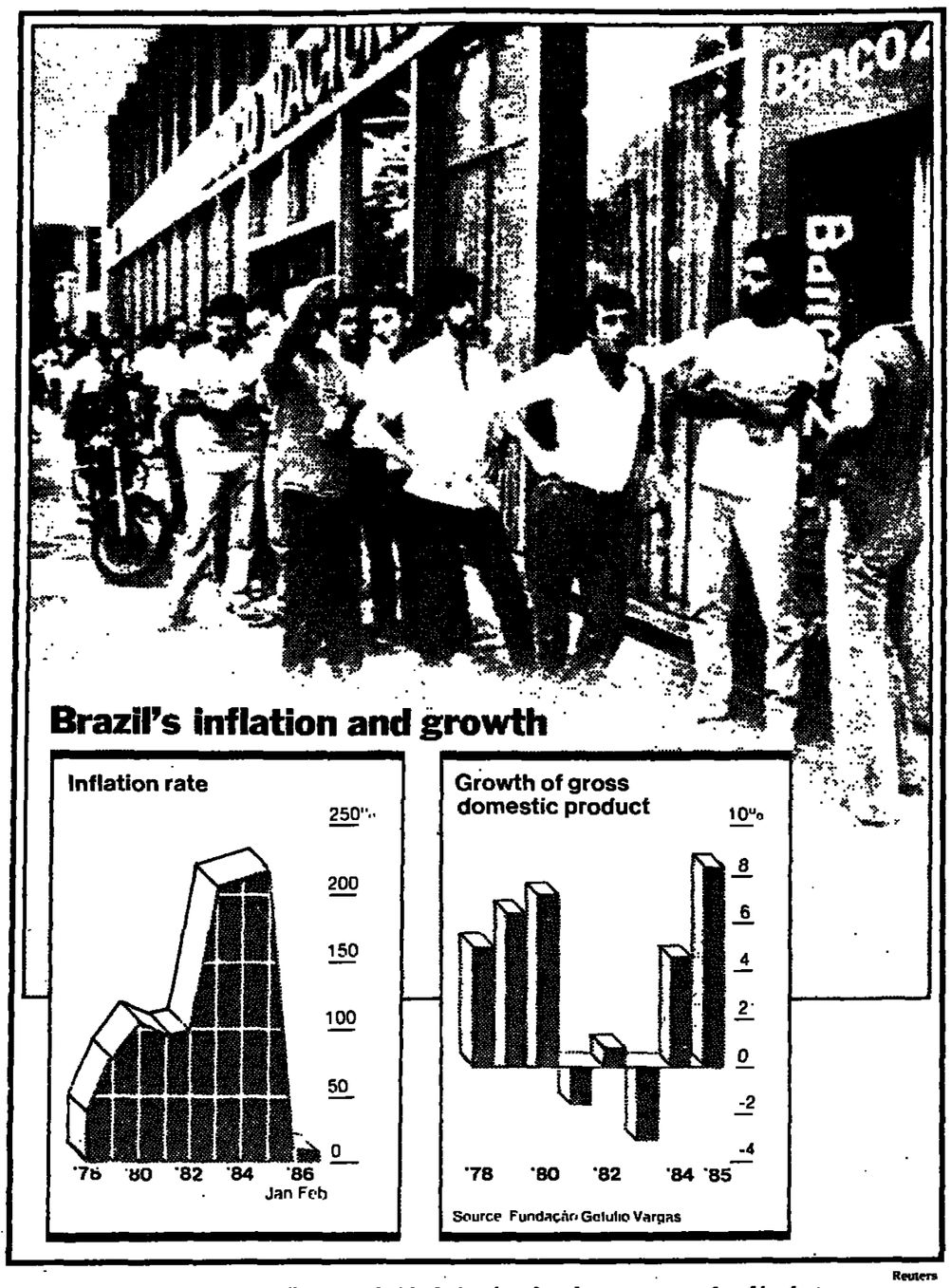
Despite three years of inflation above 200 percent tempered by cost-of-living adjustments, the economy kept growing. But fierce price increases in January and last month suddenly dampened optimism. The specter of a 500 percent inflation rate threatened both growth and Mr. Sarney's own prospects. Drastic action became unavoidable, but with elections scheduled in November, a slump or sharp drop in real wages would be dangerous.

Brazil's advantages are many. Labor is weaker here than in Argentina. The tax base is stronger and chronic budget deficits contained. And last year's growth provides a cushion against a short-term drop in wages.

National Self-Confidence

Perhaps most important, Brazilians exude strong faith in the future. While Argentina keeps interest rates high to discourage capital flight, officials here are confident that falling rates will move savings from financial speculation into productive investment.

Furthermore, Brazil will profit from cheaper imported oil and higher coffee prices, and its industry is healthy and able to compete abroad. The risk of a slowdown remains, despite the euphoria, but Brazilians are confident they can avert it.



Reuters

Brazilians queuing outside cash dispensers in Rio de Janeiro after the government closed banks to announce an emergency anti-inflation package last month.

A Mayor — and Some Hopes — Die on the West Bank

The Three Sides of the Palestinian Side

By THOMAS L. FRIEDMAN

JERUSALEM — The murder last week of Nablus Mayor Zafer el-Masri, apparently by Palestinian extremists, appears to have destroyed — for now — whatever remained of the so-called Middle East peace process. It has also cut off abruptly recent attempts to cultivate a "legitimate," "pragmatic" Palestinian leadership in the West Bank that could counterbalance the Palestine Liberation Organization.

It is a sad fact of Middle East politics that anytime a man comes to the fore who seems to carry the possibility of breaking out of the dead end of the Palestinian-Israeli conflict, it is he that is usually broken — sooner or later.

"You feel like you are in the audience watching a tragedy," remarked Israeli West Bank expert Meron Benvenisti, "and there is a fourth act, a fifth act, a sixth act and finally you start asking yourself, 'Wait a minute. When is the end already? When is the cartharsis?' But the end never arrives. The play just keeps getting worse and worse."

Zafer el-Masri was not killed for anything he actually did. He was a gentle soul who agreed three months ago to be Mayor of Nablus, under the Israeli occupation, solely to improve the conditions for the West Bank town's Arab inhabitants. He was killed because he became a symbol of something larger.

In retrospect, Mr. el-Masri's days probably became numbered shortly after the Feb. 19 speech of King Hussein of Jordan, in which he declared that he was suspending his efforts to work out with Yasir Arafat, the P.L.O. leader, a joint strategy for negotiating with Israel. The King blamed Mr. Arafat's reluctance to accept an American offer to take part in negotiations, an offer predicated on Mr. Arafat's recognition of Israel.

In subsequent interviews the King suggested that the Palestinian people, particularly those living under Israeli occupation in the West Bank, should consider whether it is any longer in their best interest to have the P.L.O. as their "sole legitimate representative."

What the King was trying to do, noted Asher Susser, a P.L.O. expert at Tel Aviv University, was "reshuffle the cards of Palestinian representation" and give a new answer to the question: who represents the Palestinians?

The Palestinians have always been represented by roughly three parties — Jordan, the various P.L.O. organizations and the local West Bank leadership. In recent years the P.L.O. has always had the dominant voice, followed by King Hussein and then the often timid West Bankers. King Hussein was trying to rearrange the relative weight of these three parties by encouraging the West Bankers to take an increasingly activst role in Palestinian leadership. Because there are many pro-Jordanians in the West Bank, this would strengthen the King and weaken Mr. Arafat.

The King's initiative coincided with Prime Minister Peres's moves. Mr. Peres, having despaired, for the time being, of getting the King to the negotiating table, began advocating some form of "devolution" that would allow the local Palestinian leaders of the West Bank to assume slightly more control over their daily affairs — a process Mr. Peres hoped would eventually supplant the P.L.O. at any formal peace talks.

New Kind of Leader

For both Mr. Peres and King Hussein, Zafer el-Masri suddenly became a model for a new kind of Palestinian leader. For those Palestinians who opposed this approach, Mr. el-Masri became a threat and had to be killed. His murder, for which two hard-line, Syrian-backed Palestinian groups claimed responsibility, has had far-reaching repercussions.

In Israel it has left the peace debate in the most extreme hands. Paradoxically, the most realistic Israeli solutions seem now to be those that had long been considered the least realistic: those on the far right that said "the Arabs are never going to come to the table so we should just annex the West Bank" and those on the far left that said "the Arabs are never going to come to the table so we should just unilaterally return the West Bank." The sober, functional, Jordan-oriented moves of Mr. Peres and the Labor party are no more realistic in the current setting than the Likud policy, which is to maintain the status quo and Jewish settlements indefinitely until the Palestinians resign themselves to them.

As for King Hussein, the West Bankers have not rallied to his call. On the contrary, they turned Mr. el-Masri's funeral into an anti-Hussein, pro-mainstream-P.L.O. demonstration.

The fact is the West Bankers are too intimidated, divided, and politically suppressed to ever develop a coherent alternative leadership. They have always looked to outside powers for direction. They would prefer that the P.L.O. and the King work together, but in the absence of that the majority appear to be standing, at least publicly, with the P.L.O.



Gamma-Liaison/Zoom 77

Funeral procession for Mayor Zafer el-Masri of Nablus last week.

Behind the Bluster

The U.S. and The U.S.S.R. Are Talking Sotto Voce

By DAVID K. SHIPLER

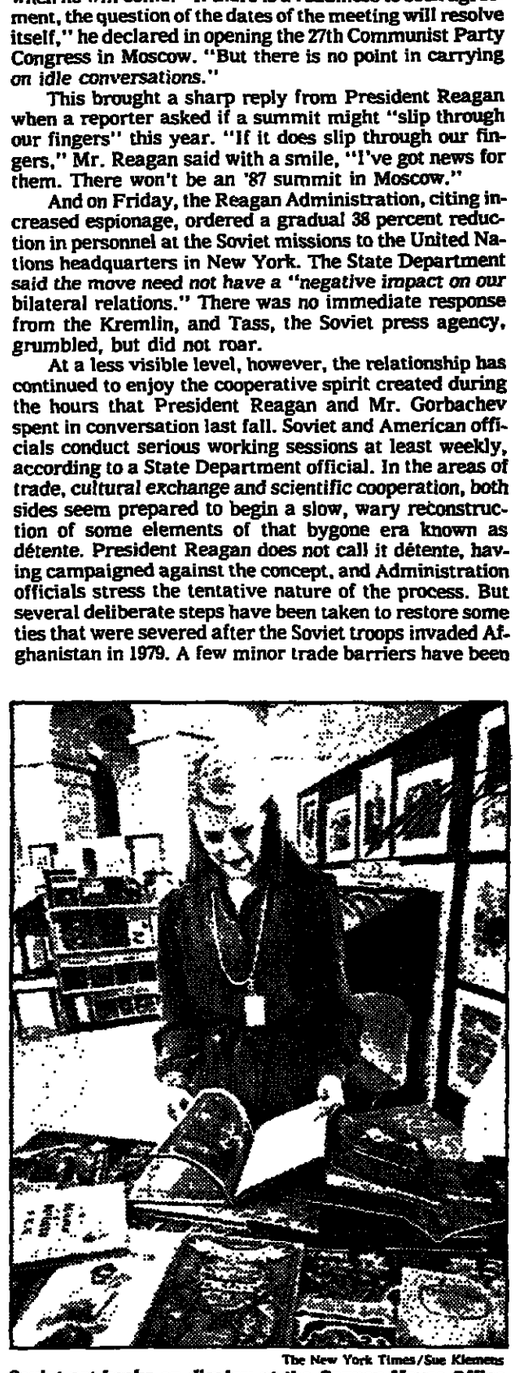
WASHINGTON — The relatively benign mood of Soviet-American relations, which continued for about three months after last November's summit meeting between President Reagan and Mikhail S. Gorbachev, has soured somewhat in the last two weeks. Despite the leaders' stated commitments to proceed toward a nuclear arms treaty, the latest round of talks adjourned in Geneva last Tuesday with little sign of progress. In major speeches the week before, they denounced each other's military postures.

Both men also made testy remarks about setting a date for the next summit, which they have agreed to hold in Washington sometime in 1986, to be followed by a 1987 meeting in Moscow. Without some concrete arms agreements to sign, Mr. Gorbachev has not been willing to say when he will come. "If there is a readiness to seek agreement, the question of the dates of the meeting will resolve itself," he declared in opening the 27th Communist Party Congress in Moscow. "But there is no point in carrying on idle conversations."

This brought a sharp reply from President Reagan when a reporter asked if a summit might "slip through our fingers" this year. "If it does slip through our fingers," Mr. Reagan said with a smile, "I've got news for them. There won't be an '87 summit in Moscow."

And on Friday, the Reagan Administration, citing increased espionage, ordered a gradual 38 percent reduction in personnel at the Soviet missions to the United Nations headquarters in New York. The State Department said the move need not have a "negative impact on our bilateral relations." There was no immediate response from the Kremlin, and Tass, the Soviet press agency, grumbled, but did not roar.

At a less visible level, however, the relationship has continued to enjoy the cooperative spirit created during the hours that President Reagan and Mr. Gorbachev spent in conversation last fall. Soviet and American officials conduct serious working sessions at least weekly, according to a State Department official. In the areas of trade, cultural exchange and scientific cooperation, both sides seem prepared to begin a slow, wary reconstruction of some elements of that bygone era known as détente. President Reagan does not call it détente, having campaigned against the concept, and Administration officials stress the tentative nature of the process. But several deliberate steps have been taken to restore some ties that were severed after the Soviet troops invaded Afghanistan in 1979. A few minor trade barriers have been removed. Performing artists are to appear in both countries. Direct commercial air service is to resume this spring. A prominent Jewish dissident, Anatoly B. Shcharansky, was released after nine years in prisons. Moscow has resolved or promised to resolve 33 of approximately 180 emigration cases supported by the United States, American officials say, although there is no sign that the overall rate of Jewish emigration will rise.



The New York Times/Sue Klemens

Soviet art books on display at the Cannon House Office Building in Washington last week.

Frills in the Soviet-American relationship have always been easier to handle than essential problems. A few hours after President Reagan gave his warning about the summit, an exhibition of Soviet art books opened in the Cannon House Office Building, eliciting such praise that the Russians agreed to give the books to the National Gallery. In Moscow, American and other Western scientists gathered to watch the arrival of the first photograph, printed with Polaroid equipment, of Halley's comet from the Soviet spacecraft Vega 1.

Such niceties contrast with the risks of conflict. In January, as Washington fulminated at Libya, the Russians sent their Mediterranean flagship, a submarine tender, into the Libyan capital of Tripoli, where it remained for weeks. Soviet planes also flew from Libyan bases in an apparent effort to deter American attack, American officials reported. It was an episode that reportedly had a sobering effect on the White House, after the glow of the November summit.

Regional competition between the superpowers has rarely been negotiable. Although a new series of Soviet-American talks on such matters began last week with meetings on Africa, Moscow has been markedly less inclined than Washington to see local disputes as Soviet-American issues, preferring a more Marxist analysis of historical processes. "The Soviet side holds that regional conflict situtations should not be viewed in the light of Soviet-U.S. relations," said Yevgeny Primakov, a prominent Soviet expert on the Middle East, in a news conference in Moscow last week. Such conflicts, he asserted, arise because "objective socio-economic and political processes occur or develop there."

Partly as a result of Soviet unwillingness to negotiate, Administration officials want to increase aid to rebel groups battling Soviet-supported regimes in Nicaragua, Angola, Cambodia and Afghanistan. Still, in one important line, Mr. Gorbachev sketched some hopeful rules of this dangerous game. "The confrontation between capitalism and socialism," he said in his opening address to the Party Congress "can take place only, and exclusively, in the form of peaceful competition and peaceful rivalry."

The Nation

The Economy Sends Some Mixed Signals



The New York Times

Depending on whom you asked last week, the United States economy (a) is strong and may get even stronger, or (b) is showing serious signs of weakness.

Apart from the White House, observation (a) is heard most often on Wall Street. Investors have made small fortunes in the stock market, recent gyrations notwithstanding. The Dow Jones industrial average closed at 1,699.83 Friday. Bonds are being snapped up as corporations, which last week sold a record number of them, take advantage of lower interest costs. The Federal Reserve Friday raised spirits even more when it cut its discount rate — what it charges banks and other financial institutions — to 7 from 7½ percent. That prompted many banks to lower their prime rates half a point, to 9 percent — good news that eventually reaches consumers.

But in the sectors of the economy most affected by February's six-tenths of a point rise in unemployment — the biggest monthly jump in the jobless rate in six years — the mood was different. Two-thirds of the 700,000 surge in the number of jobless was concentrated in California, Illinois and Texas and one-fourth of the increase came among Hispanic workers.

Government economists attributed part of the rise in California to weather; the recent flooding, they said, has kept farm workers out of the fields. In Illinois a decline in manufacturing jobs helped push unemployment to 9.5 percent, from 7.7 percent. And a 50 percent decline in spot-market oil prices since November is forcing petroleum industry layoffs in Texas. The rate in New York rose 1.1 points, to 8.4 percent. It was the third consecutive year that the city's February figure rose by more than a point. The national rate is back up to the 7.2 percent level that prevailed through the first seven months of last year.

Administration officials called last month's rise "an aberration" that did not change their predictions for vigorous job growth in 1986. One reason is that most of the benefits of lower oil prices have yet to work their way through the economy.

A Strong Attack On the Teamsters

Law enforcement officials and dissident union members have contended for years that the teamster's union had powerful ties to organized crime. The allegation was made again last week, this time from a new quarter — the President's Commission on Organized Crime — and with particular vehemence.

In a report to the White House, the commission said leaders of the International Brotherhood of Teamsters, with 1.4 million members the nation's largest union, "have been firmly under the influence of organized crime since the 1950's." Because the Federal Government has been unable or unwilling to combat the infiltration, the panel said, organized crime's influence has become "so pervasive" that the Government should consider removing some union officers and placing selected locals under court supervision. The Racketeering-Influenced Corrupt Organizations statute empowers Federal judges to place union locals under court trusteeship, the commission's deputy counsel said.

Jackie Presser, the teamsters' president, encouraged violence to control dissident union members, the Presidential commission contended. Mr. Presser, one of the few major labor leaders to have endorsed Mr. Reagan, was also accused of "highly suspect" business dealings that earned him more than $1 million while he was a teamster official in Cleveland during the 1970's. A spokesman said Mr. Presser had not seen the report and would not comment.

The Baby Food Scare Continues

Consumer reports of glass fragments in Gerber baby foods continued to pour in from around the country last week, but Federal officials rejected the demand of two consumer groups that the products be recalled, arguing that it would accomplish nothing.

The Food and Drug Administration had opened more than 36,000 jars of Gerber baby foods obtained from stores and warehouses, a spokesman said, and had found just eight pieces of glass that it described as "harmless specks." Federal officials said they had received more than 60 complaints in recent weeks involving glass in Gerber foods. But they could find no pattern to them — no common lot numbers, factories or kinds of food involved — which made agency officials doubt that the problem originated in Gerber's manufacturing process.

But since the F.D.A. had no compelling explanation for reports from at least 36 states of glass in baby food, consumer groups were still calling for Government action. "The F.D.A.'s mandate is to protect the public," said Stephen Brobeck, executive director of the Consumer Federation of America. "It should take leadership in insisting on a recall."

The dispute began three weeks ago, when a major supermarket chain in the Northeast said it would remove all Gerber baby foods from its shelves after a mother in Schenectady, N.Y., returned a jar of strained peaches that contained slivers of glass.

Stores in Texas, Indiana, North Carolina, Virginia and Florida, among other states, have also removed Gerber products, and Maryland banned the sale of Gerber strained peaches, an action that was challenged by the company in a $150 million suit. A Gerber spokesman has said there is "absolutely no indication that there is a problem."

If Only Someone Could Pull a Plug

Nearing the end of a wet winter that has filled the Great Lakes to the brim and beyond, communities around the world's largest freshwater lake system have been dreading spring. "Things look real bleak," said Thomas Martin, director of Michigan's Office of the Great Lakes. "Lake Superior, which is the remotest lake, is well above average, and all the water that's up there will have to come down through the other lakes eventually."

Water levels reached record heights last year and have kept rising, nibbling at beaches, forcing motorists to ford flooded roads and gnawing at piers and other man-made structures. A storm in early December sent a 15-foot-high wall of water rolling eastward from Lake Erie over several blocks of downtown Buffalo. Worse flood damage is expected when the winter ice pack melts; record high water levels are expected through July.

After surveying communities in the Detroit area, the American Red Cross predicted that more than 1,500 homes would suffer major damage and an additional 2,500 would require minor repairs. Residents in 17 lakefront Michigan counties can get low-cost loans to finance preventive measures, and the Corps of Engineers has been building dikes in several communities between Detroit and Toledo. At least one Michigan resident, Ralph LaParl of Algonac, has decided to fill his basement with sand and seal it off, moving the boiler and hot-water tank upstairs.

Caroline Rand Herron
and Michael Wright

Verbatim: Helping New Parents

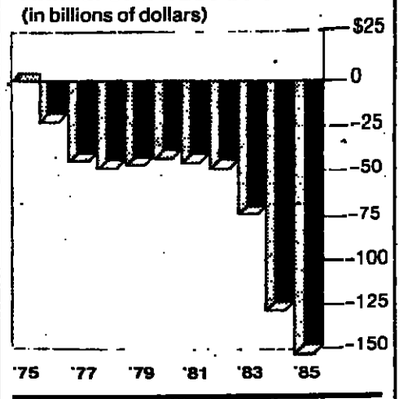
'Over the past 20 years, there has been a dramatic increase in the number of families with two working parents. It is time we began to match the abundant rhetoric about doing something to assist the American family with some practical steps to accomplish that end.'

Representative William L. Clay
head of the House subcommittee on labor-management relations, promoting a bill introduced last week that would guarantee new fathers and mothers up to 18 weeks of unpaid leave.

House Democrats Take the Initiative on a Trade Bill

A growing deficit

Annual U.S. trade balances
(in billions of dollars)



Trade balances in January 1986
(in millions of dollars)

...with selected countries and regions	
Canada	-1,712
Japan	-5,465
Mexico	-499
Taiwan	-1,243
South Korea	-530
Western Europe	-3,049
European Economic Community	-2,504
West Germany	-1,308
Britain	-494
OPEC countries	-1,832
Developing countries	-6,034
TOTAL	-16,500
...for selected products	
Petroleum and petroleum products	-4,761
Passenger cars	-3,142
Clothing	-1,395
Telecommunications equipment	-1,282
Iron and steel mill products	-704
Electrical machinery	-516
Office machinery (including computers)	-98
Agricultural products	+351

Source Commerce Department

The Balance of Payments Has a Political Fulcrum

BY CLYDE H. FARNSWORTH

WASHINGTON — Speaker Thomas P. O'Neill Jr., Democrat of Massachusetts, issued the marching orders a few days ago: There will be a comprehensive House trade bill; it will be on the floor the week of May 12, and the majority leader, Jim Wright, Democrat of Texas, will monitor its progress. "The trade deficit continues to be one of the greatest problems threatening our economy," said Mr. O'Neill, signaling his intention to make it a problem as well for the Reagan Administration.

As Mr. O'Neill spoke the ink was hardly dry on the Government's latest trade numbers, showing a new monthly high of $16.46 billion for the excess of imports over exports in January, following a record deficit — $148.5 billion — for all of 1985.

Responsibility for most domestic economic issues is shared by Congress and the Executive Branch, but trade is different. For years Congress has delegated trade authority to the President. "Trade is one of the few things the Democrats have to beat up on the Reagan Administration," said Stephen D. Cohen, professor in the School of International Service at American University. "It could sound good to Joe Sixpack to say that the trade deficit is out of hand and manufacturing jobs have been lost because of Reaganomics."

The House leadership strategy is to confront the White House and Senate Republican majority, led by Bob Dole of Kansas, before Memorial Day with a "fair trade" bill that would make it tougher for foreign countries to sell goods here unless they open their markets to United States producers. Then, if the Senate does not act on its own bill and go to conference with the House, Senate Republicans could be open to charges that they had turned their backs on one of the nation's pressing problems. The political stakes are high. Democrats see trade as a potential instrument for regaining control of the Senate.

The Administration and the Senate appear to have no quarrel with Democrats' objective of getting a fairer trading system. Since September the Administration has been more aggressive on trade, targeting specific unfair practices in Japan, Korea, Western Europe, Brazil and other countries and threatening curbs here if those countries fail to end such practices. Although the President vetoed a textile import quota bill last year, the White House, recognizing the threat of the textile lobby to override that veto later this year, has urged the principal suppliers of textiles to freeze their shipments at 1985 levels.

The House bill will not be drafted by the Ways and Means Committee until after a "seminar" for members next weekend at a golf course retreat near Pensacola, Fla., and after hearings beginning March 20. But from the "concept" papers circulated by the Ways and Means Chairman, Dan Rostenkowski of Illinois, and the trade subcommittee Chairman, Sam Gibbons of Florida, the conclusion of Administration and other analysts is that the bill could increase protectionism and reduce Presidential authority — two veto triggers.

The Lower Dollar

"The Democrats know that if they go to extremes they will get it vetoed," said William R. Cline, senior fellow at the Institute for International Economics. "Democrats also know that if it sounds reasonable, even if they go in directions the Administration is not happy with, the President might find it hard to veto."

Although House Democrats think they may have the Administration over a barrel, White House officials say they're not worried, largely because of the strength of the American economy and the lower dollar, which sharpens American competitiveness.

On the latter point, outside experts are less optimstic. Milton W. Hudson, senior vice president of the Morgan Guaranty Trust Company, for one, cautions that the United States may have permanently lost vast food markets abroad and face ever more aggressive industrial competition from countries in the third world. Moreover, he sees little abatement of the American appetite for imported goods.

Despite the more favorable economic climate they see ahead, Administration officials are flourishing their veto threat in hopes of shaping a bill to their liking. Warned one official: "We would certainly recommend a veto of anything that is protectionist or that reduces Presidential authority."

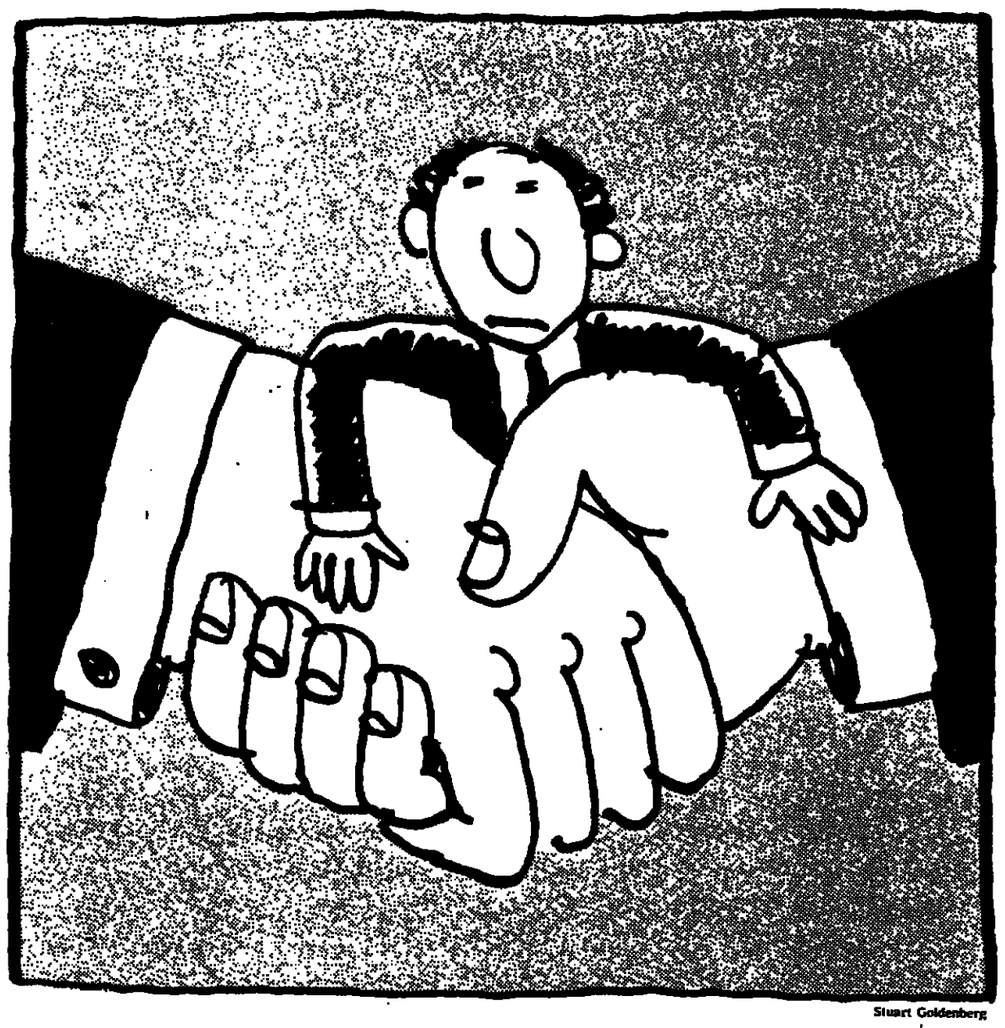
Few question that the House will deliver a trade bill. But there is a question whether the Senate, which is expected to be mired in tax and budget deliberations much of the year, will have the time to generate a complicated trade bill, then resolve its differences with the House in a conference commmittee.

"If it comes together it will be on the last day," said one Senate aide.

"Whether the President signs depends on whether Dole can convince the White House that it's in their interest to keep the Senate."

In the Airline Industry, Worker Participation Has Had its Limits

Labor Takes a Chair in the Board Room


Stuart Goldenberg

By KENNETH B. NOBLE

WASHINGTON — Two years ago, unions representing pilots, machinists and flight attendants at Eastern Airlines gave the ailing carrier wage concessions in exchange for a seat on the board of directors and a big chunk of common stock.

A voice in the airline's management, union leaders thought, would give workers reasonable control of their futures, and might, some also thought, protect against the takeover wave sweeping the airline industry. Above all, it was hoped, the strategy would protect jobs.

Late last month, the strategy foundered. As the machinists union agreed to company demands to reduce wages but refused to make further changes in work rules or benefits, Frank Lorenzo, president of Texas Air Corporation, and a man widely regarded as hostile to labor, made a takeover offer the Eastern board agreed it could not refuse. As Eastern's unions brace themselves for the kind of wage cuts and changes in work rules Mr. Lorenzo forced at Continental Airlines, another of Texas Air's recent acquisitions, labor leaders are wondering how much protection they really were able to offer.

Last week, union officials at another financially troubled carrier, Trans World Airlines, were also wondering how much had been won by cooperating with that airline's new chairman, Carl C. Icahn. To deal with the flight attendents' strike called last week, T.W.A. immediately hired 1,500 newly trained attendants it had standing by, and was planning to shift 1,500 employees, ranging from reservations clerks to accountants, to flight attendents. They had been trained to fill in.

An Unsteady Record

In fact, few of the recent string of highly publicized labor-management cooperative efforts in recent years could be called unqualified successes.

In other industrial countries, labor long ago became an accepted player in the board room. But in the United States, labor's experiences in corporate management were minimal until the late 1970's, when Douglas A. Frazer, then head of the United Auto Workers, became a director of the Chrysler Corporation as part of a wage-and-benefits concession package that cleared the way for a Federal bail-out.

In September 1980, the auto union negotiated a seat on the board of the American Motors Corporation. The move was stymied by Justice Department concerns over the antitrust implications of a single union being represented on the board of two competing companies.

At about the same time, railroad unions took a slightly different tack with the Consolidated Railroad Corporation. They struck a deal in which they gained ownership of 12.5 percent of Conrail's stock in return for wage and work rule concessions. Recently, however, the Conrail unions have been battling to preserve jobs and influence with the railroad as the Reagan Administration seeks to sell controlling interest in the carrier to a not-so-labor-friendly Norfolk Southern Corporation.

And it was only recently that unions began to realize that they could play an even bigger role in corporate affairs than helping to accomplish turnarounds for existing management. Labor could also use its financial clout by attracting outside investors to troubled companies for an acquisition or merger.

But labor has found that maneuvering in the merger and acquisitions arena is even trickier than sitting in the board room. "You're always a little bit like the doctors that are experimenting with artificial hearts," said Eugene Keilin, an investment banker with Lazard Frères in New York.

"You don't have strong patients to begin with," he cautioned leaders of the American Federation of Labor-Council of Industrial Organizations, meeting last month in Bal Harbour, Fla. "And you're forced to deal with them in the main without a lot of experience to guide you. There's no road map, there's no rule book."

Brian Freeman, an investment banker who has represented labor in the restructuring of companies and in employee buyouts of companies, added another warning.

"These deals are hard to do, and most, if not all aren't going to work," Mr. Freeman said.

The cooperative approach got one of its bigger tests last August, in the pact between the Machinists union and the Air Line Pilots Association at T.W.A. and takeover financier Icahn. Wage concessions to Mr. Icahn were designed to thwart the management's effort to be taken over by Mr. Lorenzo; the arrangement was hailed at the time as a model for unions in bitter acqusition contests.

Largely overlooked was the key role in the airline's operations of a third union, the Independent Federation of Flight Attendants. It has been resisting the new owner's efforts for further concessions. Last week, after months of fruitless negotiations with Mr. Icahn, hundreds of T.W.A. flight attendants struck the troubled carrier.

It is experiences such as this that are prompting some experts to caution that unions should think twice before rushing into greater roles in company affairs.

"There are areas that probably ought to be stayed out of, that look attractive, but are troublesome," Mr. Freeman said in Bal Harbour.

Rex Hardesty, an A.F.L.-C.I.O. spokesman, did not disagree. "The irony of all this is the fact that we have no better bed of roses at either T.W.A., or Eastern," Mr. Hardesty said.

هكذا من الاصل

Gentle Persuasion at General Dynamics

By NICHOLAS D. KRISTOF

ST. LOUIS

As his B-24 bomber tumbled from the sky over Germany 42 years ago, pilot Stanley C. Pace leaped through a wall of flames and plunged from the bomb bay, parachuting to the ground. He spent months recovering from his burns in a German hospital and was subsequently shipped off to a prison camp, but he survived the ordeal.

Now the 64-year-old Mr. Pace has taken another plunge — but this one places him where the fire is hottest. Last May, on the brink of retirement, he left the security of TRW Inc. to join the embattled General Dynamics Corporation. His mission: to restore credibility to the nation's leading military contractor — the producer of the M1 tank, the F-16 jet fighter, the Trident submarine, the Tomahawk and stealth cruise missiles.

Mr. Pace joined General Dynamics last May as vice chairman and heir apparent to former chief executive David S. Lewis. Attracted by Mr. Pace's reputation for honesty and fairness, General Dynamics brought him in after the Navy suspended the company from signing new military contracts because of what it called "pervasive" misconduct, including the presentation of various gifts to Adm. Hyman Rickover from 1961 to 1977.

Reinstated three months later, General Dynamics was again suspended early last December — four weeks before Mr. Pace assumed his current post of chairman and chief executive. The second suspension came on the heels of a Federal indictment in which the company and four present and past executives were accused of illegally billing the Government for cost overruns.

"They've been beaten over the head and shoulders with a six-by-six, not just a two-by-four," said Wolfgang Demisch, an analyst at the First Boston Corporation, referring to the suspensions and stinging criticism of of the company in Congress and in the press. "It's so much fun that I would think in an election year, it'll be hard to stop," he added.

Quieting this criticism will be an immense challenge for the new chief executive. Government investigators are still poring over General Dynamics' records and may dig up further embarrassments. But Mr. Pace says he is determined to forge a new order and image at the company, although he may find it difficult to convey his resolve to each of the 100,000 General Dynamics employees. "Getting something to percolate down is a hell of a struggle," said Everett Pyatt, Assistant Secretary of the Navy.

And Mr. Pace may be hampered in that struggle by his much-acclaimed humanity. Colleagues universally describe him as a humane diplomat and an intelligent executive and administrator. Although no one suggests that he is weak-kneed, the word "tough" never comes up. Indeed, he has not fired anyone in his effort to clean house at General Dynamics, although he concedes that the question of dismissals troubles him. "I decided not to be judge and jury of the past, because there was nothing I could do about it," he said. "I see no basis for firing 25 or 50 of the top people."

Still, his efforts so far to change what Mr. Pyatt of the Navy calls a "corporate ethic of 'catch me if you can'" helped to win the company reinstatement from its second suspension with the Navy. Under a much-criticized agreement entered into last month, General Dynamics can receive new contracts even if it is indicted again for past conduct. The agreement is viewed as a triumph of sorts for Mr. Pace, but it may impose its own burden on the new chief. During negotiations the company agreed to reimburse more than $22 million to the Government, and the pact provides for a $50 million escrow account to cover any future liabilities.

With all this, the new chief must decide whether General Dynamics should diversify. Last year, about 89 percent of company revenues came from Government contracts, virtually all of it from the military or from the National Aeronautics and Space Administration. But, with Mr. Pace concurring, a step was taken last year to lessen the dependence on the military, with the $675 million acquisition of the Cessna Aircraft Company, which makes business and personal aircraft. Now Mr. Pace has hired McKinsey & Company consultants to study the question of further diversification.

It is a risky business. "Diversification is not something defense companies have been able to do successfully," said Gary J. Reich, an analyst at Wertheim & Company. In the case of General Dynamics, he added, "it would be very foolish to try to diversify out of defense, because management doesn't know other areas."

For now, Mr. Pace is trying to make changes in an area that he, and the public, has become all too familiar with — business ethics at General Dynamics. He has been intimately involved in conducting an ethics campaign that has its roots in the company's reinstatement pact with the Navy last summer.

"What I want to avoid is a continuation of this vulnerability," Mr. Pace said. "It's not just a question of writing a memo and pronouncing it from on high; you have to get it implemented with all 100,000 people."

In January, Mr. Pace summoned the company's division heads to St. Louis headquarters to hear about the new emphasis on ethics. A brochure on the subject has been distributed to all employees. A one-day workshop on new business-ethics policy is being held for all top managers.

Eventually, all employees will participate in this seminar, which begins with a videotape of Stan Pace asserting the importance of filling time cards out properly and of playing fairly with the Government. Last year, time cards began to carry the message, "mischarging is illegal."

Hotlines have also been set up in each division for employees to report misconduct. And corporate expense rules — for both internal and Government reimbursement — have been revised.

As he works to shape up the company's image, Mr. Pace is also trying to determine General Dynamics' general course. Even without new projects, the company's existing programs to build tanks, jet fighters, submarines, cruise missiles, NASA rockets and scores of other Government products will continue well into the 1990's, earning General Dynamics a steady revenue stream for another decade. Ironically, for all the criticism of General Dynamics when it comes to business ethics, its products are widely regarded as technically excellent. The F-16, for example, has delighted pilots and is the first American fighter plane that cost less to build than its predecessor.

"None of these big programs is in danger of being chopped out from under them," said Jerry Cantwell, a defense analyst at First Manhattan Securities. "They may be nicked in the budget process, but they have a very solid foundation."

But to get growth — and not just a steady revenue stream — Mr. Pace has to go outside defense, making more purchases like the Cessna acquisition. Or he must win big new military contracts, like the advanced tactical fighter the Air Force would like to see built. Herbert F. Rogers, general manager of the division that builds the F-16, calls the new fighter a "must-win program," and the company has assigned hundreds of workers to develop a proposal for the project.



The New York Times/ Biff Stover

Stanley C. Pace: 'I decided not to be judge and jury.'

AT A GLANCE

General Dynamics

All dollar amounts in thousands, except per share data

Three months ended Dec. 31	1985	1984
Revenues	$2,300,000	$2,000,000
Net income	90,400	106,000
Earnings per share	$2.13	$2.37
Year ended Dec. 31		
Revenues	$8,200,000	$7,500,000
Net income	383,300	381,700
Earnings per share	$9.05	$8.08

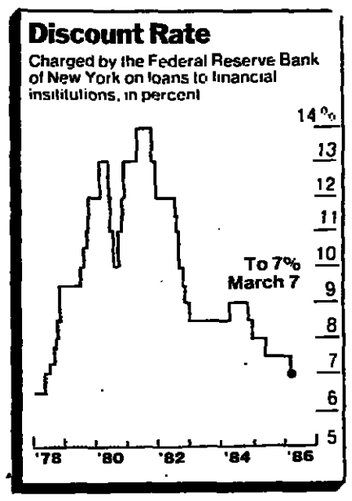
Total assets, Dec. 31, 1984	$3,034,600
Current assets	1,568,500
Current liabilities	973,300
Long-term debt	17,600
Book value per share, Dec. 31, 1984	$24.58
Stock price, March 6, 1986 N.Y.S.E. consolidated close	77⅞
Stock price, 52-week range	82½–62
Employees, Dec. 31, 1985	100,000
Headquarters	St. Louis

The Economy

WEEK IN BUSINESS

A Rate Cut Here, A Rate Cut There

Interest rates fell worldwide, with West Germany, France, the Netherlands and Japan leading the way with cuts in their discount rates. The Federal Reserve soon followed, cutting the United States rate by half a point, to 7 percent. And major American banks quickly dropped their prime rates to 9 percent, the lowest in more than seven years. While few would admit it, the seemingly coordinated actions indicated that the Group of 5 major industrialized nations had heeded American wishes. The United States has been seeking to lower interest rates in order to spur the worldwide economy, but was worried that if it moved first, the dollar would be sent into an uncontrolled fall as investors fled into other currencies. And with interest rates already dropping because of the fall in oil prices, the central banks' moves become more a nudge than a shove.



Lower rates help most segments of the economy, but can hurt others. Low mortgage rates, for example, now under 10 percent and still falling, spur the building of new homes and related industries. But thrift institutions could find their asset bases reduced as more homeowners seek to refinance high-rate mortgages. Worldwide, lower rates can lead to expansion as money becomes easier to borrow. But money that is too fast and easy can rekindle inflation.

Credit markets anticipated the cuts in rates by continuing the bond rally, at least for most for the week. And short-term rates, which have not fallen as much as long-term rates, finally started to come down more rapidly. The bond rally was momentarily derailed by the specter of a huge supply of new corporate issues, but was soon back on track.

Stocks wavered as traders were torn between weak economic signals and lower interest rates. The Dow Jones industrials retreated from record territory and finished the week at 1,699.83, down 9.23.

BankAmerica fought off an attempt by Sanford I. Weill, the former president of American Express, to, in effect, pay $1 billion if he could run the bank. And although it was coy with the details, BankAmerica also reportedly decided against a friendly merger with First Interstate, whose network of Western banks seemed ready-made for BankAmerica. Some analysts viewed the latest moves as assaults on the chairmanship of Samuel H. Armacost, and many said that the pressure is increasing for him to turn BankAmerica around.

Unemployment skyrocketed to 7.2 percent overall in February, from 6.6 percent in January, a burst that puzzled analysts. Most of the increase came in states hit hard by unusual circumstances, and that led analysts to speculate that the overall surge was an aberration. . . . Leading indicators fell six-tenths of 1 percent in January, a surprising drop that followed six months of increases. . . . New-home sales soared again, gaining 4.4 percent, fed by the drop in interest rates. . . . Factory orders rose just four-tenths of 1 percent, and that only because military orders gained 44.6 percent.

Boeing and three Japanese companies will jointly develop and produce a mid-sized commercial aircraft called the 7J7. The consortium is intended in part to compete with European groups and allow the participants to produce planes that would be too expensive for any one of them to produce independently.

White Consolidated rejected an unsolicited bid from Electrolux of Sweden. White said it would explore "alternatives" to the $711 million bid, and analysts agreed it could probably get a better offer elsewhere.

Pioneer accepted Mesa's bid of between $700 million and $863 million. The bid beat one from Irwin L. Jacobs and is the first successful one by T. Boone Pickens since he converted Mesa Petroleum into a limited partnership.

Eastern recalled nearly all the flight attendants it laid off last month and said it would have to hire more because its cut-rate fare program has resulted in record bookings. This boom in traffic is likely to be of great interest to its union workers, who are under pressure to grant further concessions to Eastern to prevent it from defaulting on its debt. This comes while Frank Lorenzo is waiting to acquire Eastern and put into effect the low-fare, lower-paying formula that helped him rescue Continental.

Amerada Hess expects to report a big loss in the first quarter and will omit its stock dividend because of the effects of lower oil prices. It also plans to sharply reduce outlays on exploration and development.

G.M. will buy back $2 billion of its stock, but analysts were puzzled by the inclusion of a large proportion of the Class H shares G.M. issued when it bought Hughes Aircraft and the Class E stock it issued when it bought Electronic Data Systems. As a result, little of G.M.'s common stock will be repurchased.

The Harlem Globetrotters are being sold by Metromedia to International Broadcasting.

A Tough Time for Fed Watchers

By ROBERT D. HERSHEY Jr.

EVEN in the most placid of times, what goes on at the Federal Reserve's stately Constitution Avenue headquarters is the subject of intense, if often arcane, debate. The Fed and the markets in which it moves are scrutinized by what must be the world's highest-paid fraternity of professional students who, much like Kremlinologists, examine every action — often every opaque word — and then set about arguing the meaning and the merits.

These days their job of divining the course of monetary policy has become even harder. Not only must the central bank weigh several tumultuous developments — collapsing oil prices, the falling dollar, unpredictable budget and tax-overhaul issues, Third World debt and tumbling long-term interest rates — there are new imponderables about the Fed personnel who make its decisions.

Will the installation last month of two new members of the Federal Reserve Board, giving President Reagan's appointees a four-to-three majority, threaten the grip of Paul A. Volcker, the Fed's mighty chairman? Will Preston Martin, whose term as board vice chairman expires at the end of this month, decide to leave? Will Governor Henry C. Wallich, who has been seriously ill, be able to continue? And what are the policy implications of the annual March 1 rotation of four regional bank presidents onto the Federal Open Market Committee, the body that actually sets monetary policy?

These are the questions that pop up in almost any informed discussion of the central bank these days, raising the Fed-watching art to what may be new heights of politico-economic speculation. Most analysts ruefully acknowledge their inability to know how a given group of people, some of them relatively unknown quantities, will respond to circumstances that change from week to week.

"It introduces more uncertainty into the process," lamented James S. Fralick, a senior economist with Morgan Stanley & Company and the firm's chief Fed-watcher, referring particularly to the two new members of the board, Manuel H. Johnson and Wayne D. Angell. "It makes it difficult to get a read."

Nonetheless, Fed watchers are rarely without opinions that are at least plausible, and the consensus seems to be this: Chairman Volcker will continue to call the important shots for the foreseeable future — which means fairly generous money-supply growth with a watchful eye for signs of renewed inflation — but he will be challenged by insurgents if the economy falters for long. It is highly unlikely, however, that Mr. Volcker will be forced from office — or will decide to resign for financial or other personal reasons — before his term is up in August 1987. Many, in fact, think Mr. Volcker, now 58 years old, would be pleased to accept reappointment to a third four-year term as chairman.

Although there has been much speculation about how the four supposedly expansion-minded Reagan appointees — Mr. Martin, Martha R. Seger, Mr. Johnson and Mr. Angell — may threaten Mr. Volcker's strong grip, there is almost no chance this would happen as a result of a bloc vote of the type popularly imagined, specialists say.

Such a coordinated effort would be foreign to the tradition-minded central bank, where governors rarely, if ever, discuss voting intentions with each other. It would also disregard decades of experience showing that Fed governors, who have 14-year terms, have been quick to grasp a Fed "culture" that puts a high premium on both institutional and personal independence.

Students of the central bank often liken its governors to Supreme Court Justices in their tendency to "grow" in the job and in their willingness — aided by long-term appointments — to take positions at odds with the President who appointed them.

In fact, many believe that Mr. Volcker, for various reasons, could repel almost any challenge, coordinated or not.

"The degree of Volcker's control is just unbelievable," insists James F. Smith, a former Fed staffer who now works for Wharton Econometric Forecasting Associates. "He could have six people against him and he'd still have control." Mr. Volcker's iron rule stems from his control of the Board's agenda, the staff, his close ties with the 12 regional Federal Reserve banks and the vast respect he enjoys in Congress, Mr. Smith said.

Mr. Volcker even benefits from the heavy Fed workload, according to some past and present officials. There is a rule, for example, requiring that governors receive briefing documents at least 48 hours before a meeting, but this is sometimes honored in the breach. This means members sometimes find themselves discussing and voting on an issue about which they have only rudimentary knowledge.

Miss Seger, one of the newer members, has complained of this as well as the lack of informal consultation with the chairman and other governors that she was accustomed to in the private sector.

Yet, others are not so sure that Mr. Volcker's power is secure, especially since the economy is so volatile and so much remains unknown about the newcomers. The Fed lost more than 50 years of experience — and Mr. Volcker, important allies — with the resignation in September of Governor Lyle E. Gramley and the retirement last month of Governor J. Charles Partee. If Governor Wallich, now 71, finds he must step down, the system will also lose its top specialist on international finance.

Then there is the question of Mr. Martin, who is said to have told friends he might quit this month if he decides he is unlikely to succeed to the top job. It is not even certain, in fact, that the President will redesignate him vice chairman.

Thus, Mr. Reagan could find himself seeking two more board members, with Governor Emmett J. Rice and Mr. Volcker himself the only holdovers from the pre-Reagan era.

But it is not clear that changes on the board will dilute Mr. Volcker's control over monetary policy. Although the board sets the discount rate — the rate the Fed charges financial institutions that borrow from it — the most important part of monetary policymaking is conducted by the Federal Open Market Committee. And, Fed analysts say, Mr. Volcker would still control this 12-member body, composed of the seven governors plus five regional bank presidents, by virtue of strong personal ties, his unrivaled grasp of economic and political information, his dominant personality and the chairman's parliamentary prerogatives.

Mr. Volcker, for example, has hand-picked or personally approved most of the regional presidents, including E. Gerald Corrigan of the New York bank, who is the F.O.M.C.'s only permanent, non-governor member. Mr. Corrigan, a former Volcker aide in Washington who remains the chairman's close friend, serves as vice chairman of the F.O.M.C.

In a move that Fed watchers say was a not unusual example of his well-honed political skills and boldness in applying them, Mr. Volcker last year intervened at the eleventh hour to thwart plans by the Federal Reserve Bank of St. Louis to name W. Lee Hoskins, a prominent and strong-willed monetarist economist, as its new president. Although Mr. Volcker is something of a monetarist himself, he — and the Fed in general — tends to frown on people with strong ideological convictions. The job went instead to the non-ideological Thomas C. Melzer of Morgan Stanley.

Although most postwar Fed chairmen, including Arthur F. Burns and William McChesney Martin Jr., enjoyed similar power "Volcker is just far more aggressive about using it," Mr. Smith declared. He said Mr. Volcker has recently forced Gramm-Rudman-Hollings budget cuts on the regional banks that could reduce the effectiveness of their research and thereby increase the influence of the high-powered Washington staff under the chairman's control. While exempt from the mandatory budget cuts, the Fed nevertheless voluntarily reduced expenditures.

And while the annual rotation of the 12 regional presidents onto the F.O.M.C., which took place at the beginning of this month, might seem to offer some prospect of a policy shift, it serves mainly to point up the extent to which a long-sitting chairman can dominate even a body as large as the 12-member F.O.M.C.

"My impression is that it doesn't really matter a great deal," said Robert G. Dederick, chief economist for Chicago's Northern Trust Company, of the switch. At most, he added, it might affect "the size of the majorities."

Over the longer term, however, the new members of the Board of Governors could make a decided impact. Mr. Johnson was the Reagan Administration's leading supply-sider when he left his post as Assistant Secretary of the Treasury for Economic Policy and Mr. Angell, a Kansan, is very sensitive to the current distress in agriculture.

Faces are changing and attitudes could, too. But for now, Volcker seems firmly in control of the nation's monetary policy.

The New York Stock Exchange

MOST ACTIVE STOCKS WEEK ENDED MAR. 7, 1986

(Consolidated)

Company	Sales	Last	Net Chng
Wn Air L	16,858,700	12	+ 2
IBM	12,801,100	146	- 4⅛
Es Kod	9,919,800	58	+ 2
Bnk Am	7,776,200	16¼	- 1⅛
AT&T	7,527,000	22½	- ⅛
McDerl	6,923,100	18	+ 3⅛
Mer Lyn	6,569,600	42	+ 1⅛
Am Mot	6,431,100	4¼	+ 1⅛
Texaco	6,352,800	27⅛	- 3
South Co	5,816,200	22¼	- ⅜
Occi Pet	5,766,700	23⅛	- 2⅛
East Air	5,764,300	8⅞	+ ⅛
U Carb	5,706,700	19¼	+ ¼
Gif St Ut	5,670,900	11	- 2¾
Sperry	5,458,100	49⅛	- 2⅛

MARKET DIARY

	Last Week	Prev. Week
Advances	1,231	1,382
Declines	812	688
Total Issues	2,251	2,256
New Highs	730	806
New Lows	58	46

VOLUME (4 P.M. New York Close)

	Last Week	Year To Date
Total Sales	794,040,160	6,572,441,469
Same Per. 1985	543,837,670	5,551,988,050

WEEK'S MARKET AVERAGES

	High	Low	Last	Net Change
New York Stock Exchange				
Indust	149.0	146.3	148.1	-0.71
Transp	127.1	124.5	126.5	-0.49
Utils	67.5	66.4	67.1	-0.45
Finance	150.8	147.6	150.7	+1.29
Composite	131.1	128.7	130.3	-0.36

Standard & Poor's

400 Indust	250.2	244.5	248.1	-1.97
20 Transp	210.9	205.9	208.7	-1.65
40 Utils	100.9	98.7	100.4	-0.25
40 Financial	29.5	28.7	29.4	+0.27
500 Stocks	227.3	222.1	225.5	-1.35

Dow Jones

30 Indust	1718.6	1663.0	1699.8	-9.83
20 Transp	802.9	776.1	791.3	-0.92
15 Utils	186.1	179.6	181.8	-4.00
65 Comb	684.4	662.3	675.0	-4.58

The American Stock Exchange

MOST ACTIVE STOCKS WEEK ENDED MARCH 7, 1986

(Consolidated)

Company	Sales	Last	Net Chng
Wickes	14,294,400	5⅜	+ ⅜
KeyPharm	6,679,100	15¾	+ ⅝
TexAir	2,755,400	26½	- 2
BAT In	2,539,100	5⅛	- 1/16
ChampHo	2,138,300	3¼	+ 1
WangB	1,797,500	19⅞	- ⅝
OzarkHldgs	1,716,700	16⅞	- ⅝
Delmed	1,539,000	1⅞	- ⅛
IntlBanknt	1,515,800	4¾	+ 1⅛
DomePet	1,441,700	1⅞	...

MARKET DIARY

	Last Week	Prev. Week
Advances	445	565
Declined	348	230
Unchanged	136	129
Total Issues	929	924
New Highs	207	203
New Lows	33	32

VOLUME (4 P.M. New York Close)

	Last Week	Year To Date
Total Sales	84,557,225	584,286,255
Same Per. 1985	45,044,170	452,980,380

The New York Times

Founded in 1851

ADOLPH S. OCHS, *Publisher 1896-1935*
ARTHUR HAYS SULZBERGER, *Publisher 1935-1961*
ORVIL E. DRYFOOS, *Publisher 1961-1963*

ARTHUR OCHS SULZBERGER, *Publisher*

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What Money Can't Buy in Nicaragua

To hear the President, the $100 million question is simple: How can Congress withhold that amount from the brave rebels in Nicaragua? Aren't they like the Hungarian freedom fighters who threw stones at the Soviet tanks? Failure to back the Nicaraguan contras will bring Communism within a two-day drive of Harlingen, Texas.

Other Administration voices wonder loudly why Congress can't see the similarity between the contras and triumphant democracy in the Philippines, or between the contras and the Afghanistan resistance. This is table-banging, not argument.

Not even Nicaragua's neighbors take so melodramatic a view of the contra cause. The parallels with Hungary and Afghanistan are feeble, the parallel with the Philippines is false. People-power in Manila was just that, indigenous mass support, and that is just what the rebels in Nicaragua lack. After five years, they are further than ever from victory. More money might finance more battles, but foreign dollars cannot buy a democratic revolution.

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Mr. Reagan, who once likened the contras to the Founding Fathers, now seems to equate disagreement with disloyalty. He now plans to address the nation on the subject. If he wants to persuade rather than strike militant postures, there are some serious questions to address.

If Sandinista rule is so brutal, why is support for the contras dwindling? Their spokesmen sound like mercenaries, not rebels, when they blame inadequate supplies. Compare them with the Communist insurgency in El Salvador. There, fewer guerrillas, facing bigger supply problems, have managed to hold El Salvador's American-backed army at bay for years. The Nicaraguan contras appear to be crippled by their foreign sponsorship, divided leadership and lack of motivation.

Who chose the contra's political leaders and how much control do they exert over field commanders? Contras who have resigned in disgust claim, credibly, that the leaders owe their jobs to C.I.A. paymasters. Defectors contend that civilian leaders are powerless to discipline 50-odd field officers, almost all veterans of the detested old National Guard.

What program do the contras offer impoverished Nicaraguans besides anti-Communism and nebulous avowals of democracy? The rebels have won some support in the countryside but have failed to take hold in a single city. This cannot be blamed on lack of American aid. Whatever the failures of the Sandinistas, their revolution has provided schools and hospitals to the poorest Nicaraguans. And the regime still permits opposition parties and newspapers, and grudgingly tolerates a hostile Catholic Church.

If help for the contras is meant to give Mr. Reagan something to bargain with, what are his terms? Sending Philip Habib on yet another trouble-shooting trip sounds less like an effort to negotiate and more like an effort to further the false Philippine parallel. After five years, the President is still proclaiming apocalypse without demonstrating what security interests justify fueling an illegal, cruel and unwinnable war.

If Mr. Reagan cannot make a better case, Congress might well ponder the suggestion of Costa Rica's new President — that the $100 million would be better used for economic assistance to Central America's fragile democracies. On present evidence, that makes more security sense than trying vainly to find people-power in contra gun barrels.

The Dobrynin Channel

For 24 years, Moscow's man in Washington has been Anatoly Dobrynin, a skilled professional with a cherub's demeanor who gained the trust of six American Presidents while retaining that of five very different Soviet leaders. One can only speculate whether there is some wider meaning to his unexpected appointment to a Kremlin secretariat. But the narrower meaning is plain. Mikhail Gorbachev will now have at his elbow a man who knows better than almost anyone how superpower relations work — or don't.

Mr. Dobrynin's success as an envoy often provoked despair in his American counterparts in Moscow — seven in all. Successive Soviet leaders bypassed them and relied instead on their man in Washington to test American reactions.

The value of the Dobrynin channel was dramatically confirmed early in his tenure, during the 1962 Cuban missile crisis. When Robert Kennedy told the Ambassador to inform the Soviet Union that his brother planned to remove outdated missiles from Turkey, the way was opened for a face-saving settlement.

But to praise Mr. Dobrynin is not to glorify him. For all his affability, he is an orthodox Communist, a longtime member of the Central Committee and an accommodating servant to changing masters. What has earned him his special trust is his ear for nuance, his grasp of Washington's thinking (and language), his dependability as an interlocutor. Add to that a sense of humor, and you have a diplomat who deserves better than Henry Kissinger's backhanded compliment — that Mr. Dobrynin has been "no more deceitful" than his job requires.

In Moscow, the Dobrynin channel might prevent gratuitous misreadings of Reagan Administration intentions. "For good or bad," he recently wrote in The Washington Post, "our two nations can only survive together, or perish together. It's an illusion to believe that one country can safeguard its security at the expense of the other." His words provide an apt valedictory for an exceptional diplomat.

Something's Going Around, and Around

"I can hardly hear you," the woman whispered painfully into the phone. "Me either," the younger woman replied hoarsely. "Something's going around, and it sounds as if we've both got it." She was right; folk wisdom is often wise, and as we learned last year, when people say there's something going around, there is. It's true again this year, but with a twist.

Last winter when people complained about the spate of sore joints, intestinal upsets and relentless fatigue, they were wrong to generalize, for there was more than one something. A New York internist found symptoms suggesting that there were, in fact, three somethings going around at once.

This year, something new is going on, as well as around. Everyone seems to be getting the same flu. The symptoms include a dry, hacking cough and severe sore throat that strikes even people who never get sore throats. It seems to last a long time — well into a second week. One doctor after another reports similar symptoms and the anecdotes are supported by reports made to the Federal Centers for Disease Control in Atlanta.

The data show an unusually high level of flu going around, indeed all around, since there's not much variation from one part of the country to another. Most of it, possibly 80 percent of the isolated cases, is one strain — flu, Type B, U.S.S.R. — named for the place it was first identified.

Someday, perhaps, there will be medications to make flu flee, and people may look back with some amusement. Our present nostrums may evoke for them something like the aura now conveyed by cod liver oil, Lydia Pinkham and Carter's Little Liver Pills. But let them retain a decent regard for the hoarse whispers and weary aches. We will have made it through a time when the something going around was really something.

Topics

Sanctuaries

Ere I Saw Elba

"In the old days you went to the Riviera, and nobody made a fuss about it," Russell Baker wrote recently about the housing problems of Haiti's President for Life and his First Lady. "You emptied the state treasury into armored trucks ..., picked up a palace here, a palace there ... ran into interesting people, too. King Farouk was around, Madame Nhu. You were a society item, mentioned as an international jet-setter. And so what if you had stolen every last centime from the folks back home? What had they ever done for you except riot on the palace grounds?"

But then France refused to put out a permanent welcome mat and it looked to Mr. B. as if the Duvaliers wouldn't get to that golden strip which is to ex-dictators what certain boneyards are to elephants. Not to worry! France has relented and the Duvaliers have moved into a small suntrap near Grasse.

Quelle vie awaits *les* Duvaliers. Sure, it'll be low profile in the beginning, but what with his money and her looks, that's not going to last. First thing you know there'll be the little mentions in the gossip columns — like what Michèle wore to whose party in Cap d'Antibes, and how she was a new face at the Paris collections. Next she'll be in St. Moritz for the skiing and New York for the theater and to see about the children's teeth, and, sooner than later, guest-of-honoring at a quiet luncheon at wherever it is the ladies are lunching these days. All's not right with the world, but at least the Riviera lives.

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Costly Wallpaper

A bar located just a few miles over the Canadian border has papered an entire wall with unpaid New York traffic tickets. This scofflaw décor reflects the fact that Canada doesn't require its residents to honor American summonses. Canadian motorists, including the drivers of huge trucks, can violate speed limits with impunity. Legislation proposed by State Senator William T. Smith would finally give New York a way to recover fine money and deter such violations.

New York has reciprocal agreements on traffic violators with all but 13 states. But the outlook for a scofflaw treaty with Canada remains dim. Mr. Smith would therefore allow New York to get its money up front. An arrestee who is a resident of Canada or a non-reciprocating state would have the choice of paying bail immediately with a credit card or being taken in for arraignment. Montana has significantly reduced its scofflaw rate using the same technique. The roadside credit-card transactions would let the officer remain on patrol.

Such a crackdown on Canadian scofflaws would deter speeding, especially by the drivers of heavy rigs, and create pressure for serious negotiations over reciprocal enforcement. The Legislature needs to make clear that New York traffic tickets are worth more than wallpaper.

Letters

Communications Problems Are New for NASA

To the Editor:

It is a shame to see the buzz word "communications" raised as a substantial contributor to the Challenger shuttle disaster (front page, Feb. 18). It shows how the National Aeronautics and Space Administration has transformed itself over the last 20 years into a somewhat typical corporate structure.

In the early days of the space program, an acquaintance of mine was a consultant not only to NASA, but also to IBM and Texas Instruments, on business communications. He spoke in unending praise of the free flow at NASA, without which, in his view, we would not have reached the moon within years of the actual achievement. All efforts were to have a rocket go all the way to the moon and then take off from the lunar surface on its journey back to Earth, which posed an almost impossible liftoff problem.

An engineer far down the pecking order came up with the idea of circling the moon and using a lunar module to reach it, greatly minimizing the lunar-liftoff problems. My acquaintance made the point time and again that in the normal communication structure this lowly engineer's idea would never have reached top management.

It is sad to learn that the vehemently voiced warning of Morton Thiokol engineers not to attempt liftoff in such cold weather was never passed along to the people who could have considered it for possible action. In less than 20 years, NASA has become an organization where the word could not penetrate even a few levels to reach the hierarchy.

DON S. FRIEDKIN
Rye, N.Y., Feb., 21, 1986

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Engineering Realities

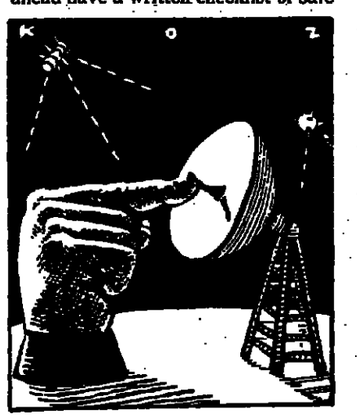
To the Editor:

In "The Seal on NASA's Fate" (editorial, Feb. 22), you note, "The seals between sections of the booster rockets seem to have been imperfectly designed." This indicates a concept widely held but not necessarily in line with advanced engineering realtiy.

In America we say that a perfect device will be too late, too heavy or too expensive. The British in World War II said, "We make do with the third best because the second best is always too late, and the first best never gets built."

No transistor in the shuttle is perfect in the sense that if it is not operated within limits of voltage and power, it will fail. The shuttle was apparently operated outside the safe operating limits, and this apparently caused the seals to fail. The point is that an imperfect seal can operate safely if operating conditions are within safe limits.

Work should go ahead to design a "more perfect seal," but barring discovery of a different cause for the explosion, further shuttle trips should not await production of a first-best shuttle. Effort should be made to assure sufficient and accurate measurements of operating conditions, such as temperature of sensitive areas, and that those at NASA responsible for the final go-ahead have a written checklist of safe



operating conditions, to be acknowledged in writing, before they say go.

If pressure to make the shuttle economically viable is the dominating consideration in launch, the project should be abandonded.

SHERWIN RUBIN
Washington, Feb. 25, 1986

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Technology Is Fallible

To the Editor:

While investigators of the Challenger explosion may not yet understand what caused the tragedy, one indisputable conclusion can be drawn: technology *is* fallible. That may sound like a truism, but most Americans seem to have the reverse opinion.

The relevance of this to President Reagan's "Star Wars" proposal ought to give us pause. The same day you reported the Challenger explosion, you carried a news article on the Pentagon's giving the President's missile-shield program highest priority, in which you reported that the Administration has insisted the antimissile program "would not be put in place unless it proved to be economical and reliable."

Proved reliable? Leaving aside the arguments against the ineffectiveness and destabilizing consequences of "Star Wars," there seems little concern about the *concept* of placing the fate of the earth at the mercy of technology. This assumes we can say of equipment systems — as William R. Graham, Acting Administrator of NASA, said of the solid-fuel booster rockets — "they are considered ... not susceptible to failure" (Feb. 3).

Given enough time, money and, most important, testing, perhaps "Star Wars" technology could be proved reliable to a high degree. But the nature of the program is that it cannot be tested as a totality, even once. Nor can we fully test the effects of an adversary's assumed counter-technologies on ours. "Star Wars" would have to work perfectly the first time. For the Administration to believe this is probable seems not optimistic, but terrifyingly arrogant, just as the American public's attitude of "I don't understand it, but I'm sure it will work" is not patriotic but irresponsible.

With President Reagan's 1987 budget soon to be debated in Congress, it is time for Americans to wake up and say no to this horrendous proposal, no to the $4.8 billion requested to pay for it — before defense contractors in every state have a piece of the action and it is too late to say no. While the awful memory of the Challenger's explosion is still fresh in our minds, we should remember there are no second chances with "Star Wars" — that fireball would be Earth.

LYNN STERN
New York, Feb. 24, 1986

New Equipment Used For Each Blood Donor

To the Editor:

Jane Brody's Personal Health column about AIDS (Feb. 12) presented the facts and did indeed dispel fears and misconceptions about how acquired immune deficiency syndrome is and is not transmitted.

I would, however, like to elaborate on the safety of donating blood. The article states "there is no risk to blood donors since equipment is sterilized between donors." This does not tell the entire story.

The Bergen Community Regional Blood Center in Paramus, N.J., uses disposable needles, covers thermometers with disposable plastic sheaths and uses disposable lancets when performing the iron-level test on donors. Thus, all our equipment is not only sterile, but also brand new for each donor.

I'm sure most, if not all, blood-collection agencies in the metropolitan area also use disposable equipment. I would suggest that any prospective donor call or visit the nearest blood center and ask about its sterile techniques in collecting blood.

One cannot contract AIDS, or any other infectious disease, from donating blood. It is vital to the country's blood supply that people understand this and continue to donate blood.

Please remember, a blood shortage due to misinformation and fear puts hospital patients — relatives, friends and neighbors — in jeopardy.

Healthy individuals should call their nearest blood center or hospital to ask about requirements for becoming a blood donor, and if they are eligible, they are urged to make the commitment to save lives and donate blood.

MAUREEN McCORMICK
Public Relations Director, Bergen Community Regional Blood Center
Paramus, N.J., Feb. 20, 1986

Filipinos Can Sue Marcos in U.S. Courts

To the Editor:

In a Feb. 27 news article on the intention of the new Philippine Government and some members of Congress to strip former President Ferdinand E. Marcos of millions of dollars of assets in the United States, State Department officials are reported as saying that Filipinos apparently have no remedy against Mr. Marcos in United States courts for human-rights violations. That statement appears to overlook the alien-tort statute (28 U.S. Code §1350), which Congress first enacted as part of the Judiciary Act of 1789.

Under the alien-tort statute, an alien may bring a tort suit in the Federal district court for any "violation of the law of nations" — international law — "or a treaty of the United States." Six years ago in Filartiga v. Pena-Irala, the United States Court of Appeals in New York, speaking through Judge Irving Kaufman, held that "deliberate torture perpetrated under color of official authority violates universally accepted norms of the international law of human rights" and is actionable under the alien-tort statute.

In the Filartiga case, two citizens of Paraguay brought a civil action in New York Federal Court under the alien-tort statute against a Paraguayan police official, then living in New York City, for the torture death of a family member. Although the unlawful conduct occurred in Paraguay, where all the parties once lived, the Court of Appeals upheld Federal jurisdiction in New York. Later, in the district court, Judge Eugene Nickerson awarded the plaintiffs a default judgment in excess of $10 million.

If the Filartiga precedent remains undisturbed, Filipino victims of the Marcos regime's illegal brutality have a damage remedy against him or his henchmen, at least in the Federal courts in the Second Circuit, if Mr. Marcos or other potential defendants are within their jurisdiction. If the Philippine Government is not successful in recovering the assets Mr. Marcos allegedly took unlawfully, perhaps its citizens can recover them in damage suits under the alien-tort statute.

ARTHUR D. WOLF
Professor of Law
Western New England College
Springfield, Mass., Feb. 28, 1986

Remembering Palme

To the Editor:

The editorial "Shots in Stockholm," (March 2), on the death of the Swedish Prime Minister, Olof Palme, was flawed not by what it said, but by what it left unsaid.

The lesson you drew from that tragic incident is that the victim was too complacent and should not have strolled around without being protected by a squad of bodyguards.

There is a much more important lesson to be learned, not from the death, but from the life of Olof Palme. He demonstrated that the government of a highly developed democratic country can indeed bring about by determined action an equitable distribution of income, abolish poverty and provide good care to the old and the sick. While taxing them heavily, Mr. Palme secured for the Swedes the highest standard of living in the world and — possibly because of that — won their approval for allocating funds for economic assistance to less developed countries, year after year, a larger percentage of the national income than was ever given by any other country.

It is for this Olof Palme should be remembered.

WASSILY LEONTIEF
New York, March 3, 1986

Another Number in the Parking Bureau Follies

To the Editor:

In May 1978, my wife parked our car in the Public School 59 schoolyard on Bathgate Avenue in the Bronx, where she was teaching, an approved practice to secure the car against theft. Warned by a student in her class that two men were at her car, she raced down to the yard only to find it gone.

The police at the 48th Precinct were helpless, they said, to do more than record the larceny and notify us if the car was found. My insurance company paid me a minor sum of money for the loss, and I never saw the car again.

Last week, eight years later, a letter arrived from a private collection agency under contract to the Parking Violations Bureau, threatening to execute a judgment entered against me for a parking ticket placed on the car a week after it was stolen.

When the parking ticket was issued, the police computer system should have turned up the information that it was a stolen car, and I should have been notified. Instead, I am now charged with ignoring the summons, and demand is made for payment of the fine plus interest.

If my case is typical, the $1 billion plus that is allegedly owed the City of New York may be somewhat exaggerated.

ARNOLD FORSTER
New Rochelle, N.Y., Feb. 25, 1986

To the Editor:

I don't know how anybody ever justified the use of outside agencies to collect New York City parking-ticket fines. After all, New York has a police department, and I can't envision any stronger collection agency.

Who would fail to pay when served with a police threat to pick up both driver's license and vehicle registration plates for noncompliance? Especially if newspapers ran weekly or monthly tabulations of how many thousands of licenses had been confiscated.

If further enforcement were necessary, the next step would be a summons, to be followed, of course, by arrest. Could any collection agency do better?

ROY HUBBARD
Hollis, N.Y., Feb. 28, 1986

Better for Bisser

To the Editor:

Jean-Isabel McNutt's letter (March 4) about Bisser the Russian snow leopard's concrete and iron-bar living space is understandable. The Bronx Zoo's 1903 leopard facilities are hardly state of the art, but the care of the snow leopards is. Since 1966, 48 snow leopards have been bred there — an unsurpassed record.

Moreover, a new snow leopard exhibit and breeding complex is under construction and will be opened this summer. It is being paid for with private contributions. Bisser hopes to hear more from Jean-Isabel McNutt.

WILLIAM CONWAY
General Director
New York Zoological Society
Bronx, March 4, 1986

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WASHINGTON
James Reston

The Man From Moscow

WASHINGTON

Anatoly Dobrynin, the Soviet Ambassador in Washington, is going home, having spent 24 of his 66 years in the big Soviet Embassy on 16th Street in back of the Washington Post building.

That's quite a spell. It covers five of his chiefs in the Kremlin from Khrushchev to Gorbachev; six U.S. Presidents from Kennedy to Reagan; seven U.S. Secretaries of State from Dean Rusk to George Shultz, and seven U.S. ambassadors in Moscow during Mr. Dobrynin's mission.

Now he will be an adviser to Mr. Gorbachev on U.S.-Soviet relations, and that may not be a bad idea, for he's been around here long enough to know the cards in the deck, and the difference between propaganda and the truth, and the longing of the American people for a peaceful world.

No ambassador in the Washington dipomatic corps, not even the NATO ambassadors, has had such easy access to Secretaries of State on the seventh floor of the State Department, or to the national security advisers outside the Oval Office in the White House, than has Mr. Dobrynin. The question now is what he will say to Mr. Gorbachev at this critical point in U.S.-Soviet relations.

Nobody here has the vaguest idea, but in a funny way they have some hope. Mr. Dobrynin has a sense of humor and a sense of history, both in short supply these days. After all, he's going home at an interesting time.

In the years before he arrived here, the United States Congress looked at the world in a different way. In 1941, it passed the Lend-Lease Act to meet the threat of Nazi Germany. Then when the war ended, it invited the Russians to join the Marshall Plan for the reconstruction of postwar Europe. And just as Mr. Dobrynin arrived here in the early 1960's, Congress created the volunteer Peace Corps to help the suffering and hungry people of the third world.

What will Dobrynin tell Gorbachev about America?

All this is part of Mr. Dobrynin's experience as a diplomat. He lived in a strange way in that old house on 16th Street. He was always available but always remote. He had a large staff, but nobody ever saw them. He had journalists, but they were really propagandists.

The Russians lived apart. Mr. Dobrynin negotiated a new embassy, up from 16th Street beyond the British Embassy and the Vice President's house and the Washington Cathedral to the Wisconsin Avenue hill — a white cluster of buildings overlooking the State Department, the Pentagon and the White House to the Potomac.

It wasn't only an official embassy. Up and down Wisconsin Avenue, there were some of the best public schools in America, within a few blocks, but the Soviet personnel kept to themselves. The embassy was almost a prison for their lovely children and even included a theater for ballet — an isolated retreat against the corruption of their neighbors in the capitalist world.

But even so, the Dobrynins learned something about American life on the side. As usual it was the women who came down to common sense.

Mr. Dobrynin has not only been an ambassador during these 24 years in Washington. He has been a father and a grandfather. He has been caring for a child of his children, without anybody knowing about it.

But Mr. Dobrynin is going home. One wonders where home might be for him and his wife and their children, and what he will say about America when Mr. Gorbachev brings him into the Kremlin.

The guess here is that he will say, let's take it a little easy. Anatoly Dobrynin is an old man, with no personal ambitions, and really believes that the United States and the Soviet Union can get together.

But there's no assurance about any of this. Just when Mr. Dobrynin was leaving Washington, President Reagan challenged Moscow to get its "spies" out of the United Nations, and called on Congress to carry on the war in Central America with another $100 million for the contras fighting the Nicaragua Government, and block what he called "the Red tide" from Latin America into the United States.

Still, it's probably a good idea that Anatoly Dobrynin is going home. He's a sensible man, and has been around here long enough to know that the American people are not interested in a conquest of the world or a war with the Russians on earth or in outer space, but rather are for some kind of common-sense accommodation.

It might be that Mr. Dobrynin could be more influential at the side of Mr. Gorbachev in the Kremlin than here. That, at least, is the hope in Washington. □

Trapped in the 'NASA-Speak' Machine

By Jack Beatty

BOSTON — One of the great brooding themes of American literature is the dread of mechanism — the fear that the free individual will be caught up and crushed in some sort of system. This is usually rendered as a quasi-military social organization.

One thinks of the cowed crew of the Pequod in "Moby Dick," so much social grist for Ahab's satanic obsession; of the lunatic contrivances to which autonomy is reduced in the rational hell of Joseph Heller's "Catch-22"; above all, of the vision of history as a realm of total control that Tyrone Slothrop in Thomas Pynchon's "Gravity's Rainbow" is vouchsafed before his rendezvous with oblivion.

As the names Poe, Thoreau, Emerson and Twain attest, this fear of mechanism has been preying on the American mind since the Industrial Revolution reached these shores in the 19th century. It is the shadow-side of our relish of freedom.

I was put in mind of this premonitory theme while watching an extended television report on the hearings into the causes of the space-shuttle disaster. There it was: the free individual literally caught by the machine and not just crushed but scattered to the indifferent winds. There, too, was the machine — as system — the vast bureaucracy of the National tics and Space Administration, which masked its carelessness with a bristling rhetoric of efficiency. That rhetoric itself offered a third sense of mechanism — the machine-as-language.

Jack Beatty is a senior editor of the Atlantic.

"We want to be given a chance to communicate what the process was," Lawrence B. Mulloy, a key NASA official, told an interviewer. "I don't have any problems with the process," said Pat Smith, the brother of the shuttle pilot, when he was asked if the findings of haste and flawed decision-making made by the blue-ribbon committee investigating the incident had caused him to lose confidence in NASA. "The process they use," he said, "is a good process." The word came up again and again, and so did a medley of its fellow abstractions: "factor," "parameter," "criticality." One official alluded to his "elements manager"; another spoke of "my action relative to 51 C."

Listening to this impenetrable argot, I wondered if it had somehow contributed to the disaster, muffling the anxiety and anger of the engineers both inside and outside NASA who gave urgent warnings that it was too cold to launch the shuttle. A high NASA official spoke of a problem of communication he had had with worried engineers from Rockwell International, which built the shuttle. Did they advise against launching under those weather conditions? They may have "intended to offer me that concern," he said, but that is not how they were understood. Perhaps their meaning could not break through a language as dead to directness as NASA-speak.

There was yet a fourth sense in which the shuttle disaster fit this quintessentially American pattern: It showed an extraordinary face of a routine horror — the machine-as-division-of-labor. One of the unintended consequences of the highly ramified modern division of labor is to make men dumb — to stupify them by repetition and routine. The division of labor also has an unintended moral liability: It makes men fearfully jealous of the little autonomy the system permits them.

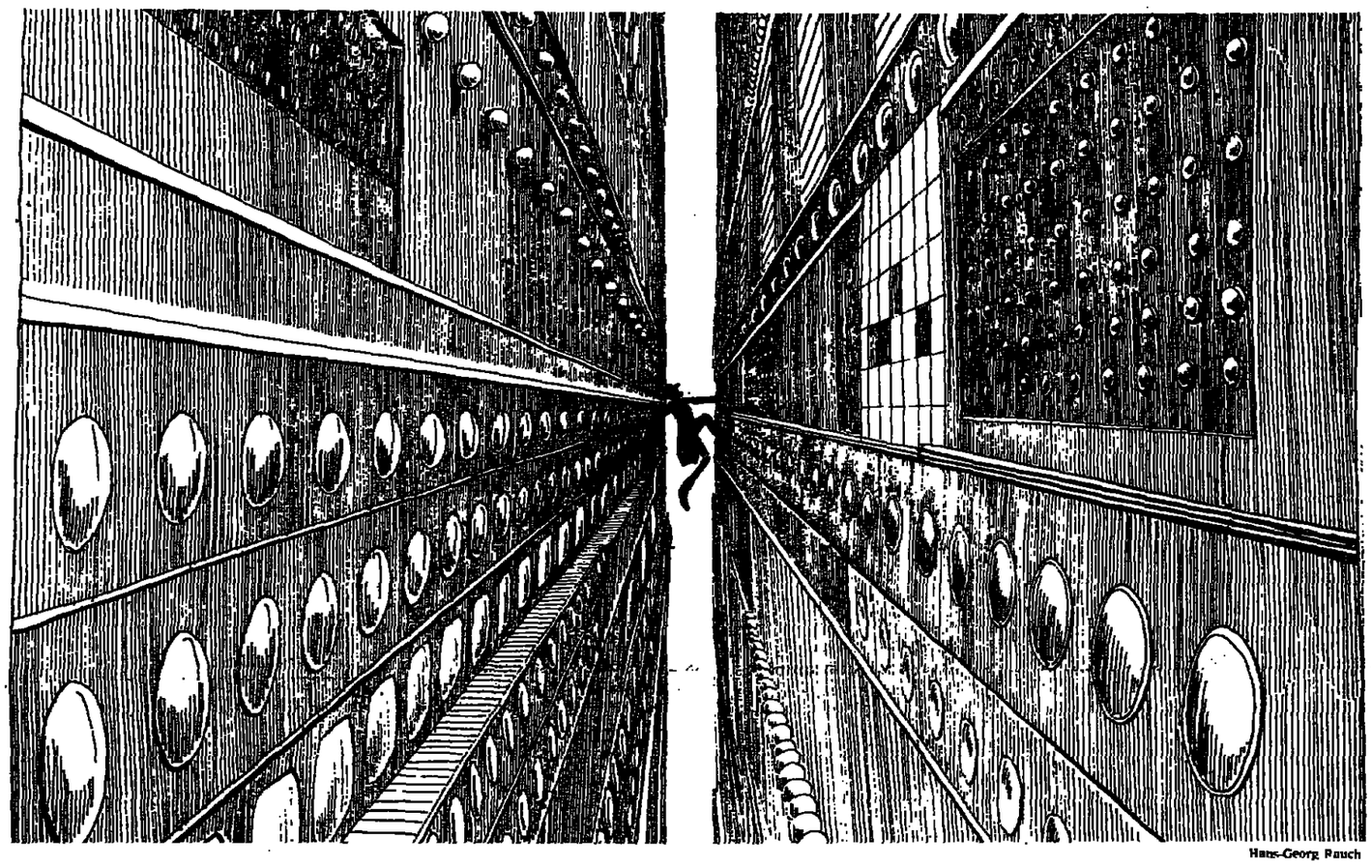
The division of labor certainly had this effect on the NASA official who chose not to tell his superiors, who had the authority to cancel the liftoff, of the doubts expressed to him by the Morton-Thiokol engineers. "It was my decision to make," he was quoted as saying. Partly he was just telling the truth in that answer; partly though, he was still defending his ever-threatened authority.

A meditation on the shuttle hearings

It's hard to judge that man harshly. The division of labor works relentlessly against most employees having power and the dignity that comes of its exercise. For every decision in the modern office, there is a counter-decision. For every boss, another boss somewhere else. For every job, hundreds of applicants — fresher, smarter and more tractable than oneself. We may rush out to buy the latest musings of Lee A. Iacocca and grovel before the icon of the entrepreneur, but who are we kidding? For most of us, the system rules; the division of labor holds sway.

In their revelations of bureaucratic inertia and the suppression of good judgment by quantitative data, the shuttle hearings made us angry. The moral revelations were harder to take: They struck too close to home for simple anger. In their picture of fear of the boss, of employees' hoarding petty authority, of lack of straightforward communication up the bureaucratic chain of command, of somnambulistic devotion to "the process," the hearings gave us glimpses of everyman at work.

Mediocrity is a heavy personal cross to bear, as some of us know all too intimately, but the hearings showed us how much worse socially patterned mediocrity can be. It can get people killed. Is the shuttle disaster a portent of what America has become under the division of labor — a nation of specialists bereft of common sense and courage alike? □



Hans-Georg Rauch

The Contras Are Like Filipinos? Absurd.

By Lawrence Weschler

One sure sign that winter is on its way out is that Washington is already immersed in talk of the latest spring line in contra analogies.

The Nicaragua debate has tended to swell early each spring, because that's when the annual funding bills for assistance to the rebel forces attempting to overthrow the Sandinista regime first reach the floor of the Congress. And each year, this process generates a fresh appraisal of the situation on the ground in Central America — or rather, an identical appraisal in freshly tailored metaphorical garments.

Last year around this time, it will be recalled, President Reagan proclaimed that the Nicaraguan rebels were "the moral equivalent of our Founding Fathers" — a contention that tattered fairly quickly when held up against their documented record of human rights abuses and atrocities in the field. That analogy has been dropped from this spring's fashion line.

Lawrence Weschler, a staff writer at The New Yorker, is the author of "The Passion of Poland."

Instead, the merchandisers of contra aid have hit upon a new gambit, drawing on the most up-to-the-minute contemporary trends. For in the past several weeks, the world has in fact witnessed an almost miraculously wise and tempered political transformation — in the Philippines: one in which the claim to "moral equivalence" with the achievement of our own Founding Fathers would indeed honor and illuminate both sides of the analogy.

This fortuitous development in the Philippines has set the basis for the Reagan Administration's latest analogical foray, which proceeds in two parts.

First comes the tenuous claim that the Filipino revolution was not so much, as it appeared, an indigenous victory of Filipino "people power" as, rather, a triumph of American foreign policy. This is a bit like the caboose's claiming credit for pushing a hundred-car freight train into the station. (Or, perhaps, looking at that metaphor from the other side, it's like insisting that one's decision to jump clear of a rapidly approaching train constitutes a triumph of circumspect and intelligent planning. It may evidence a triumph of common sense, but one has to wonder how intelligent it was to have been loitering out there on the tracks in the first place.)

At any rate, having recast the Filipino revolution as a triumph of American foreign policy, the second step, even more tenous than the first, is to proclaim an equivalence between the Filipino situation and the Nicaraguan, and to insist, as President Reagan has recently taken to doing, that the contras are the moral equivalent of the Filipino revolutionaries.

The analogy between the two situations is fraught with difficulties: There are all sorts of obvious differences. It is not, at any rate, one which I would have wanted to hazard. But if it is going to be made, it seems fair to point out that the Nicaraguans already got rid of their Marcos — the dictator Anastasio Somoza Debayle — seven years ago, and it was precisely the Sandinistas who led the fight in getting rid of him.

The contras, for their part, are predominantly led in the field by former commanders from General Somoza's own hugely dreaded National Guard. To register an appropiate equivalence in this instance, it would be as if Ferdinand E. Marcos's crony Gen. Fabien C. Ver were now to launch a counterinsurgency against the new Government of the Philippines (don't scoff; it could happen), and Congress were being asked to support that counterinsurgency.

But even if one resists such fine calibrations, even if one accepts the propriety of the contra-Filipino "people power" analogy as presented, the most obvious fact is that the Filipinos accomplished their glorious revolution peacefully: It was a triumph of sheer, overwhelming popular will that found a dazzlingly creative new way of achieving expression.

Even if we were to accept the analogy, the conclusion to be drawn is that we ought to be encouraging the development of a similarly overwhelming popular consensus against the current regime in Nicaragua, if such a thing is possible, and refraining from interference if no such consensus appears to be developing. In any case, a $100 million aid package, made up largely of military procurements for an insurgent army, has no place whatsoever in the equation. □

The Nation's No. 1 Priority

By Carl Levin

WASHINGTON — To protect ourselves from budgetary chaos, we have sent Generals Gramm, Rudman and Hollings charging off to stiffen the spine of our Congressional troops. To deal with a lingering taxpayer revolt, our Commander in Chief is attempting to disarm the insurrection with tax reform.

The problem with this strategy is basic. We haven't established any lines of communication between our forces. We are acting as if deficit reduction and tax reform were independent entities. They aren't.

The Gramm-Rudman-Hollings plan tells us to reduce the Federal deficit to a specified level each year. It gives the Government the option to do so through any means it wishes; but, in the event that those means are not sufficient, the law requires across-the-board spending cuts in order to meet the specified targets.

Carl Levin, Democrat of Michigan, is a member of the Senate Armed Services Committee.

Program cuts on the order of 17 percent to 25 percent, which may be required under Gramm-Rudman-Hollings, would hurt many people. We must therefore find another weapon with which to reduce the deficit — not the "revenue neutral" tax reform plan envisioned by President Reagan but a tax reform plan that raises additional revenue.

Once again, the American people are way ahead of Washington on this one. In a recent nationwide poll that I sponsored, 1,000 citizens were asked which they thought was more important, tax reduction or deficit reduction. By a 2-to-1 margin, they chose deficit reduction. They also indicated that they wanted us to design a fairer tax system, one that closes existing loopholes and raises new revenues to reduce the deficit.

What these people are saying is that a tax bill that is "revenue neutral" makes as much sense in the face of $200 billion deficits as it would for the wage earner of a family to take on an extra job to make ends meet and then use that extra money to raise the kids' allowances instead of meeting the mortgage payment.

A fair tax system should include a tough minimum tax requiring profitable corporations and well-to-do individuals to share in the nation's tax burden. That reform could raise $10 billion a year that could be used to reduce the deficit rather than help to fund a new round of tax cuts.

Even after closing loopholes, strengthening the minimum tax and making other selective revenue adjustments, we would still be required to make spending cuts in domestic and defense programs. But at least spending would not be asked to bear the entire burden of deficit reduction. And important programs would be protected from the large-scale cuts that would otherwise befall them.

Families looking at their own budgets know that making ends meet takes a combination of cutting back on what they'd normally spend and bringing in a little more money through working overtime or taking on a second job. But President Reagan thinks otherwise. In the face of huge deficits, he wants to reform the tax code through a minimum tax and closing some loopholes. But then he would recycle the new revenue back in the form of small tax cuts — thus achieving his goal of a "revenue neutral" tax bill.

But why should any function of the Government be neutral in the war against the deficit? Is there any evidence that the public wants to call a truce with the deficit? No. When we asked the respondents in our poll whether the Government should use the money raised by tax reform to reduce the deficit by billions of dollars, or whether it should give the average American a $200 tax cut, the margin was 3-to-1 in favor of deficit reduction.

That's clearly the No. 1 priority out there in the country. And the framers of the new tax bill should bear it in mind. □

FOREIGN AFFAIRS
Flora Lewis

A Pole In Moscow

MOSCOW

The most interested and concerned bystanders of Mikhail Gorbachev's overhaul program for the Soviet Union are necessarily the countries of Eastern Europe. Although most have gone well beyond reforms proposed by Mr. Gorbachev, their prospects for going further are inevitably defined by the standards of acceptability set in Moscow.

So it was not surprising that Poland's leader, Gen. Wojciech Jaruzelski, welcomed the Soviet program as a locomotive for growth in his own country. But it was surprising that in a long conversation here General Jaruzelski chose to stress more his hopes for better relations with the U.S., and his grievances at American sanctions, than his expectations of what the Soviet changes may mean for Poland.

He spoke to me for over two and a half hours in a small, red-plush salon of a guest mansion in the Lenin hills. He was dressed all in civilian brown, without any medals or insignia on his lapels unlike most Soviet delegates to the Communist Party congress. And his central theme was neither Communism, nor East-West antagonism, or other global issues. It was Polishness, Polish pride, Polish patriotism, Polish pain, Polish emotion.

Twice he apologized for sounding bitter in his recriminations against current U.S. policy, and he went out of his way to praise what he called the great American people and their great contribution to the defeat of fascism, a recognition of the World War II alliance that is generally taboo in Moscow.

But he seemed even more bitter in his references to the last 40 years of

Jaruzelski reflects his country's patriotism, and pain

governance in Poland and the failure to satisfy his people's aspirations. He spoke of Communists and anti-Communists in his country, of people who dislike his Government and disagree with Jaruzelski, putting himself in the third person, but who nonetheless share hopes for Poland.

In the context of the flood of wooden words that poured from official Moscow, his voice was refreshing, occidental, candid. Mr. Gorbachev and his comrades had made implicit criticisms of the Brezhnev era, and General Jaruzelski took the license thereby granted to speak openly against his own key predecessor, Edward Gierek, forced out of power by the popular upheaval of 1980.

He said sardonically that Mr. Gierek had been treated like "a great democrat" in the West, but he insisted that it was not the Soviet Union that had prevented reforms in Poland because there had been no real efforts at reform in either country during what he called the painful 1970's.

Speaking on background, not for direct quotation, he reflected the profound ambiguity of Poland's situation and his own regime. He said that he had decided to push the button, that is to declare martial law, at 2 P.M. on Dec. 12, 1981, because he felt that the country was on the very brink of a precipice. Martial law was put into effect that night. But he claimed that it worked only because soldiers who agreed with the free trade union Solidarity also recognized the danger.

In 1980 and 1981, he said, Poland was worrisome for the Soviet Union, it was a volcano. He compared it, without polemics, with U.S. concern about Nicaragua, saying that his country of 38 million people in the heart of Europe was much more important for Soviet security than Nicaragua or Grenada for the security of the United States.

On Nov. 4, 1981, General Jaruzelski said, he proposed a united council of government, church and Solidarity, in a meeting with Cardinal Joseph Glemp and Lech Walesa. He said Cardinal Glemp accepted but Mr. Walesa, after consulting other Solidarity leaders in Gdansk, refused.

What finally moved him to act, he said, was the meeting of Solidarity leaders in Radom (tape-recorded by the police and later replayed on Polish radio), in which the opening words of the Communist hymn "International" were parodied from "This is the final their final struggle." This smells blood, he said, this is Poland.

He said he got along well with Mr. Gorbachev and liked him as a human being, but his main point of satisfaction was not the Soviet leader's program. It was the display of what he called respect for Poland, and the fact that Poland had regained its position among allies. He evidently felt that Moscow had come to accept Polish nationalism as a fact of nature and of honor.

So there was a contradiction in his acid, and yet anguished, warning that U.S. sanctions were driving Poland into ever-closer ties with the Russians. It requires no act of faith to accept the sincerity of his dilemma. It is the Polish dilemma. Like his country, he is driven to play a tragic role. □

Pushed to the Edge by '9½ Weeks'

By NINA DARNTON

Even the critics who dislike her new movie, "9½ Weeks," agree that Kim Basinger is beautiful. Blonde, with full sensuous lips and a certain subtle luminescence to her skin, she projects an air of sexuality mixed with an almost childlike vulnerability that reminds some viewers of Marilyn Monroe. "There was something else I always saw in Marilyn Monroe," she said recently. "Terror. She seemed terrified inside."

So was Miss Basinger, she said, during the shooting of "9½ Weeks." The film is about an art dealer named Elizabeth and her sexual obsession, domination and finally degradation by a man named John, whom she meets by accident. As shot, the film, from the novel of the same name by Elizabeth McNeill, contains some explicit scenes with none-too-subtle overtones of sado-masochism, as the two engage in sexual games that become more and more uncontrolled. Elizabeth finally calls a halt and they separate. The affair lasts 9½ weeks.

The controversial subject matter and the more explicit sado-masochism in some of the scenes proved so alienating to preview audiences that the film was severely cut, and its opening repeatedly delayed. There appears also to have been some tension on the set, according to Adrian Lyne, the film's director, about the method he used to elicit the performance he deemed necessary from Miss Basinger. People watching the shooting, he said, who did not understand the rationale behind the approach, sometimes became disturbed at the intensity of the emotions the actress and director displayed — from rage to despair — as they worked together.

Mr. Lyne, who also directed "Flashdance," said he needed to play upon "an edge of terror" in Miss Basinger, to create a more believable sense of fear, surprise and sexual arousal between her and her lover, played by Mickey Rourke.

According to Mr. Lyne, the normal professional techniques of the actress's craft were not sufficient to produce the highly-charged emotions Miss Basinger was called upon to portray. So he struck upon a more controversial approach: he tried to create to some degree an atmosphere on the set — and in particular a relationship between the two stars — that would push Miss Basinger into actually experiencing some of the feelings and playing them out in raw form before the cameras.

The experience, Miss Basinger said afterward, was traumatic for her and even created some problems for a while in her marriage to Ron Britton, a former movie makeup man, now a painter. She does concede, however, that the experience helped her to grow as an actress and was a kind of exorcism that liberated her for new roles.

The issue — of manipulating actors in ways that they are not always fully aware of to achieve a desired result — is one that comes up from time to time in movie-making. Accounts of making the film, related by Mr. Lyne and Miss Basinger, raise some disturbing questions. What are the limits for a director in extracting a desired performance? How far can he go? Must he be concerned with the possible adverse affect upon the actor as a person and an artist?

Mr. Lyne sees no real dilemma in any of this. "The limits," he said, "are defined by your participants. If any of the participants can't cope, it will show on film. They would both be basket cases. They'd fall apart." What if the scene calls for them to fall apart? "Then it's legitimate. You're doing it for the screen."

Miss Basinger's previous credits include "The Natural," with Robert Redford, and "Fool for Love," in which she co-starred with the playwright and actor Sam Shepard. To win the role of Elizabeth, she beat out Kathleen Turner and Teri Garr, who interviewed for the part, and Isabella Rossellini, who, like Miss Basinger, did a taped audition scene with Mr. Rourke.

Miss Basinger said the audition was grueling — she was called upon to act like a prostitute groveling for money in an elaborate sexual game devised by the male protagonist, John. The scene was to have been in the movie, but was later cut. Miss Basinger said she left the audition crying, feeling humiliated. "It was like an earthquake in my life," she said. She told her agent that she never wanted to hear about this film again and would definitely not do it even if she were chosen, she said. When she returned home, she found two dozen roses with a card from Mr. Lyne and Mr. Rourke.

Mr. Lyne continued to pursue her for the part, she said, and eventually she changed her mind and decided to take it on. She became convinced that playing such a demanding role would benefit her as an actress. "I knew if I got through this it would make me stronger — wiser," she said. "I was going against my total grain. I felt disgust, humiliation, but when you go against your grain you just know that emotions you never knew you had will surface."



Kim Basinger in "9½ Weeks"—"I was ready to quit."

Before shooting began, Mr. Lyne laid down some ground rules. He told his two co-stars that he did not want them to see each other before the film went into production and, once it did, that he did not want them to develop an "ongoing intimacy." The object, he said, was to keep in place a kind of barrier between them that could be utilized in their performances.

"She needed to be scared of him," Mr. Lyne said. "If they went out and had coffee together, we'd lose the edge." At the audition, the director noted, he perceived "hostility and sexual energy between them. After that I didn't want them to meet again until they began work — I didn't want them to have any relationship that would exclude me. I wanted to have the 10 weeks of the shooting of the movie be like the 9½ weeks of the relationship."

Arts & Leisure

The injunction not to become friends was taken even more seriously than Miss Basinger expected. On the set, she said, Mr. Rourke barely spoke to her when they were not working. From time to time the director would call him aside, out of her earshot, and deliver special instructions, when he felt that a scene was not working.

Perhaps the most glaring example of using this strategy to draw out the effect the director wanted occurred during the shooting of a phony lover's suicide pact. John convinces Elizabeth, who is totally under his spell, to swallow pills with him, matching him pill for pill. The episode is another of John's games; the pills that Elizabeth thinks are killing her are made of sugar. The realization that their game-playing had actually come to the brink of death, and that she was ready to die for him is what motivates her to finally leave him. The entire scene, however, was later cut from the movie. Mr. Lyne said that audiences at previews found the scene simply too strong to take. "It made them hate him too much," the director said. "They hated John for doing it. They hated Elizabeth for accepting it. They hated me for making it. It made them hate the whole film."

To make the scene realistic, Mr. Lyne engaged in one of his private asides to Mr. Rourke. He recalled it this way: "We were shooting the suicide scene, and this woman was supposed to be totally devastated at this point. But Kim looked dewy and lovely. I stopped and called Mickey aside. I told him that the scene wasn't working, that Kim had to be broken down." He said that Mr. Rourke returned to the set and helped extract the effect the director wanted. He said Mr. Rourke grabbed Miss Basinger's arm and held it tightly, refusing to let go. Miss Basinger began to cry and then shouted and struck Mr. Rourke. He then slapped her in the face. She began to weep hysterically. Mr. Lyne then said, "Now let's start the scene."

At other moments, Mr. Lyne said, when he thought a particular scene required it, he would instruct the actor "be kind to her now. Don't let her be so isolated." The alternation between harshness and kindness was supposed to give the relationship its particular sexual tension.

Mr. Lyne said this overall approach was "not the result of a sadistic alliance between me and Mickey." He added: "It was something she knew was helping her. It wasn't pleasant, but it was useful." He insisted that the technique was not decided upon as a plan before the shooting began, but rather that it evolved in the course of production and was part of a director's normal skill in drawing emotions from actors as the particular need arises.

She said she never really understood the level of manipulation that went on until after the movie was shot, although several people told her it was happening. "But I thought that for the character I had to keep myself beaten down and a little naïve. If I ever stopped and questioned, if I no longer believed in Adrian, I would have been a mess."

"Over the course of the film," she said, she and Mr. Rourke became estranged. "We shot in sequence, and in the beginning, when the character was sweet, he was very sweet, too. Later, when the movie started getting strange, he stayed in character. I am not usually an actress who stays in character. But in this, as it started getting stranger, I found my character staying with me. I couldn't wait to leave her." She described feelings of confusion, exaggerated mood swings off camera, and being depressed, moody, distant — "not even being there."

But in spite of this, Miss Basinger continues to feel the experience was worthwhile. Asked if she thought it ethical to wreak havoc in people's lives even for an ostensibly artistic purpose, she answered: "I think if you are an artist of any kind, if you want to try to excel, there is pain. It would be hard to say if I'd do it again, but finally I would have to say yes. Not because I like pain, but because it brought me over a certain river, to a new point. I don't know if there was any other way to get some of these emotions in a conventional way. The movie we shot — I don't mean the movie that got released — was not a straight conventional movie. I didn't always agree with the way Adrian handled things. There were times I was ready to quit, when I wondered if he weren't a sick human being, if we weren't all sick to do this, but in the end I faced my own fear and came through it."

Freed From Code Shackles, Movies Still Limp Along

By VINCENT CANBY

Near the end of John Huston's "Prizzi's Honor," an R-rated satirical melodrama and one of the best films of 1985, a husband and wife, madly in love with each other but career rivals, square off in their bedroom, she with a gun, he with a knife, their love being no match for their cupidity. In the film's final moment, the survivor of that lethal bedroom scene faces the future afresh, unencumbered by guilt but with a new mate and a guaranteed bankroll. Though it has its ups and downs, says "Prizzi's Honor," life in the underworld can be profitable as well as beautiful.

In Robert Mandel's "F/X," a suspense comedy about a guy who's a whiz at designing special effects for movies, a couple of law-abiding fellows don't hesitate to appropriate for their own use a suitcase containing millions of dollars in mob money — loot that, in an earlier movie era, would have been accidentally burned up in an oven, washed out to sea with the tide or turned over to the cops. Crime, including someone else's, was never allowed to pay.

Adrian Lyne's "9½ Weeks" attempts to reveal the nature (often described as "forbidden") of one woman's sexuality, which may or may not have anything to do with love. Over a 9½-week period, she's alternately turned on, comforted and humiliated by a masochistic lover, the sort of man who speaks softly to his little girl but beats her when she sneezes. Exhausted, bowed and a tiny bit bloodied, she reaches the point where she doesn't know what to expect next. Neither do we, but it's a measure of how the film works that she cares and we don't.

In the last 20 years, American film makers have effectively thrown off all the restraints — self-imposed as well as legislated — that in prior decades rigorously limited the kind of manners and morals we could see on the screen. Today American movies are free, but whether or not they're any better is open to question. They're different, all right, but most, having few rules to get around, are simply commonplace in a different way.

The unstated purpose of the industry's old Production Code Administration was to encourage movies that portrayed life not necessarily as it was, but as it should be. Read today, the Code's various proscriptions relating to sex, nudity, crime, violence and vulgar language seem laughable. The vast majority of Code-approved movies possess a kind of homogenized artificiality that now looks quaint.

Yet it can also be argued that the Code's proscriptions played a key part in the evolution of a popular art. The best of our commercial film artists triumphed over the Code. Alfred Hitchcock, Fritz Lang, Howard Hawks, Preston Sturges, John Huston, Nicholas Ray and others created distinctive styles in which ellipses and euphemisms became a part of their language.

When, in Hitchcock's "Rear Window," Grace Kelly models her filmy nightgown for James Stewart, saying coolly, "A preview of coming attractions," the promised sex is as steamy, if not quite as tiring, as all of the mostly off-screen encounters in "9½ Weeks."

The Code also gave narrative definition and moral shape to the work of the hacks, that is, to writers and directors who had nothing much to say but who knew precisely how to say it to meet the undemanding expectations of the audience and to conform to Code strictures.

Before the major companies drastically amended the Code in 1966, and then junked it completely in 1968 in favor of the rating system, even the dimmest member of any audience was aware that our movies reflected a very special universe. It might not have been much like the one he inhabited, but it was a comforting, well-ordered place, governed by a system of punishments and rewards that were as immutable as the trajectories of the studio stars.

It was a frightfully genteel universe. In 1939 the Code's administrator had to be consulted, and a special dispensation granted, so that Rhett Butler could speak one of pop literature's greatest curtain lines, which, otherwise, would have come out, "Frankly, Scarlett, I don't give a darn." In those days a married couple slept singly, in twin beds whose sheets — long before polyester — were miraculously wrinkle-free come morning.

An unmarried couple didn't sleep at all — they faded out after the kiss, as Tom Baxter observes in Woody Allen's "Purple Rose of Cairo." If, by some dreadful chance, a man and a woman, not legally wed, had carnal knowledge of each other, it happened so far off-screen you might think they were discovering radium or inventing the telephone. When, as was inevitable in such a film, the baby followed, it was not the man who suffered, but the woman, usually for no less than two tear-jerking decades. In that era, women fell and men departed.

John Huston could never have received a Code seal for "Prizzi's Honor" in 1941. That was the year in which he made his debut as the writer-director of "The Maltese Falcon," which did get approval in spite of the Code's specific prohibition against any hint of sexual perversion. The movie seems all the wittier today for the way in which the audience is invited to interpret the relationship between Sidney Greenstreet's obese, heavy-lidded sophisticate, Kasper Gutman, and Kasper's young companion and hit man, Wilmer Cook (Elisha Cook Jr.). There's nothing overt, of course, but there's no other way to read the film.

"The Maltese Falcon" is dark and funny and brilliantly plotted — very much a predecessor of "Prizzi's Honor." Yet, as the Code required, crime doesn't pay in "The Maltese Falcon," as it never does when Sam Spade is the private eye (though he's often tempted to stretch the rules).

The idea that crime might pay or, at the least, go unpunished was anathema to the Code, which prompted even good film makers to agree to some fairly dubious compromises to obtain a Code seal. One of the most astonishing of these must be the solution that concludes Fritz Lang's "Woman in the Window" (1945), in which a perfect murder is abruptly revealed to have been nothing more than a dream.

The Code people really couldn't have cared less whether a film made sense as long as it was "morally acceptable." Rudy Behlmer's "Inside Warner Brothers (1935-1951)," recently published by Viking, gives a memo-by-memo report on how the Code tirelessly offered suggestions by which "A Streetcar Named Desire" could be improved — and made morally acceptable — as a movie.

Among other things, the Code demanded that Blanche's dead husband must not have committed suicide because he was homosexual, and that Stanley must not rape Blanche in the film's climactic scene. Instead, he must walk away from her when he realizes she's "demented." To prevent Blanche's fondness for young men from looking like what the Code people always described as a "perversion," care must be taken to emphasize that she sees in each young man a shadow of her late, heterosexual husband.

Although some changes were made, "A Streetcar Named Desire" finally became an exceptionally fine film — in spite of the Code. Yet the Code wasn't all bad.

For reasons I don't fully understand, films in which crime doesn't pay are usually more dramatically satisfying than those in which it does. "Prizzi's Honor" is an invigorating exception.

The Code's beady eye for nudity was ridiculous. Yet the new freedom to show what lovers do (when they don't fade out) hasn't exactly prompted a breakthrough in poetic film making. Love, seen through filters, photographed in slow motion and accompanied by the film's title song, has become less erotic than obligatory.

WBDP The West Bank Data Base Project

Just published

The West Bank Data Base Project 1986 Report — a review of the demographic, economic, legal, social and political developments in the West Bank in the past year. This study covers the first year of Israel's National Unity Government and compares the heralded changes in policy with the emerging facts, concluding with a penetrating analysis of the peace process and its repercussions on the West Bank.

The West Bank Data Base Project, which is directed by Dr. Meron Benvenisti, is funded by the Rockefeller and Ford Foundations and administered by the American Enterprise Institute for Public Policy Research, Washington, D.C.

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Message from Hungary

By YEHUDA LAHAV / Special to the Jerusalem Post

THE HUNGARIAN Popular Patriotic Front, a roof organization for Hungary's political and public bodies, is lodged in a large, aesthetic building by the Danube River. A memorial plaque to Armin Vambery, the great Jewish Hungarian Orientalist, who had worked there, decorates the front of the building. I was welcomed by the front's secretary-general, Imre Pozsgay, a man in his early fifties who has served as education minister and is considered by many a rising star in Hungarian politics.

He had returned a short time earlier from the southern town of Baja, where a new public library was inaugurated in the large edifice that formerly housed a synagogue, which the shrinking Jewish community – numbering 2,400 in its heyday – can no longer keep up. On the synagogue's exterior, an inscription in Hebrew reads: "This is none other than the house of God, and the gate to heaven."

Speaking at the opening ceremony, Pozsgay remarked: "I have only just said, 'Let happiness reign in this place.' But this is a difficult thing to say inside these walls, whose history, particularly in modern times, is linked with grave tragedy and much human suffering. As you know, this structure belonged to the Jewish congregation, the children of Israel, a tribe of people who were innocent victims of inhumanity during a barbarous era in Europe that gave birth to heinous governments in the same cultured Europe where such atrocities were unimaginable.

"This victimization was not brought about by the Hungarian people, but we too feel responsible for it, and we are well aware that this tragedy is part of our history in recent decades. Whoever comes to this building must not forget it."

I ASKED Pozsgay how he views the development of Israeli-Hungarian relations in recent years.

"It is a positive development, which is not strictly spontaneous. That is, it reflects political intentions, not only individual private initiative. We all know of the many historical ties binding some of the people in Israel to Hungary. I believe these ties are not only a result of the attachment of Jews from Hungary to the country, but of the respect many Israelis feel for present-day Hungary. The ties between the two nations have a solid social base in both countries."

THE FOREIGN ministers of Hungary and Israel recently met at the UN General Assembly. Does this meeting have a significance beyond an exchange of information? Could it influence the development of relations in the future?

Pozsgay: "In my opinion, it could have such an influence; but the most important event was the meeting itself, and the fact of the meeting is the most positive factor. I think that in Israel there have also been changes recently. Thus, this is not a unilateral development.

In what area do you think there have been changes in Israel?

Pozsgay: Well, what is the most sensitive point? It is the Palestinian question. It seems to me that in Israel there is now more understanding of the just demands of the Palestinians. It should be noted that current events often raise obstacles to recognizing these aspirations. I refer to terrorism and the very shocking and negative impact of terrorist acts.

The president of Egypt recently gave a positive assessment of the character of Prime Minister Shimon Peres. Is there also a feeling in Hungary that, since Peres took office, there have been clear signs of positive developments in Israeli policy?

Pozsgay: It appears to us that there are now signs in Israeli policy of a more tolerant and open approach. There is no doubt that this is connected with the personality of Prime Minister Peres and his personal political ambitions. This is also the feeling of Hungarian public opinion.

DO YOU foresee the possibility of positive developments in official relations between the two countries (Hungary and Israel) in the near future?

Pozsgay: It is very likely. On both sides, moves are now underway to establish diplomatic relations between Hungary and Israel. I predict a long process of negotiations, but a decision can be expected in the short run. Let's let the diplomats determine the manner and form of the arrangement. But I would like to stress: relations between peoples should not suffer for long because of basically political disputes. I continue to stress the relations between peoples. Precisely for this reason, it is important to us – for the same historical reasons as the Poles – that our countries have some kind of orderly relations.

Hungary has recently undertaken a more active foreign policy. As it enjoys a measure of trust on both sides of the Middle East conflict, is it conceivable it would act to further negotiations and peace in the region?

Pozsgay: This is a question worthy of study. One thing is certain: Hungarian participation in international matters carries greater weight than its geographical size might warrant. Its internal policy provides it with this influence. In the future as well, our foreign policy's influence will be determined by the extent we successfully solve the problems connected to our internal development. This has also determined our ability to display a tolerant and thoroughly understanding approach towards the situation in the Middle East. If you ask me whether we plan to play a role of mediator, I think not. But we want to participate in furthering a settlement. Our internal background is not sufficient to permit us to take on mediating roles.

But will you act to further a direct dialogue and negotiations?

Pozsgay: It's possible. That's my opinion.

RECENTLY HUNGARIAN citizens were among the victims in the terrorist attack in Vienna. This aroused much feeling in Israel and there were expressions of sympathy for the Hungarian wounded. What was the rection of the Hungarian public?

Pozsgay: We responded with outrage and utter rejection. We are convinced that in today's international reality, fraught with tension and resting on a delicate balance, it is impossible to further any interests by terrorism. From this viewpoint, the terrorist attack in Vienna – even though we know it was not perpetrated by authentic Palestinian elements – damaged the interests of the Palestinian movement. I hope, and I'm even certain, that Hungary will never become an arena for such acts or serve as a point of origin for such operations. Hungarian public opinion vehemently condemns acts of this type anywhere in the world.



Imre Pozsgay

Whoever wants to visit us as a tourist can do so with full confidence; and whoever leaves here can go on any plane without fear.

We were very happy about the easing of restrictions on Hungarian tourist visas for Israelis. May we expect more?

Pozsgay: I expect a further easing of restrictions for visas.

May we also expect it to become easier for Hungarian citizens to visit Israel?

Pozsgay: Possibly. Hungarian citizens have also found it difficult so far to reach the capitalistic countries of the West primarily due to foreign-currency restrictions. From this aspect, there has been no different treatment for those who wish to visit Israel. The only factor is currency restrictions and the travel restrictions which stem from them. There is no restriction regarding passports.

The writer is foreign editor of Yediot Aharonot. *He frequently visits Hungary.*

JUSTIFIED EXPULSION

LAW REPORT / Asher Felix Landau

In the Supreme Court sitting as the High Court of Justice before the President, Justice Meir Shamgar, the Deputy-President, Justice Miriam Ben-Porat, and Justice Menahem Elon, in the matter of Aahad Daadad, the petitioner, versus the State of Israel, the Minister of Defence, and the Military Commander of Tulkarm, the respondents (H.C. 449/85).

THE PETITONER, who was a resident of Judea and Samaria, went to Jordan in September 1967, and in May 1968 infiltrated back into the territories with a gang of armed terrorists. He was sentenced to a long prison term but was released with those freed in exchange for the Israeli soldiers held by Ahmed Jibril.

Since the petitioner was still regarded as an infiltrator, the respondents decided to activate an expulsion order issued while he was still in prison; and they also prepared a new expulsion order based on later legislation to prevent infiltration into the territories. The petitioner then applied to the High Court of Justice to restrain the respondents from carrying out both expulsion orders.

The judgement of the court was given by Justice Meir Shamgar. Counsel for the petitioner had argued, he said, that since the respondents had not expelled the petitioner at the time of the first expulsion order, they were estopped from doing so now. Moreover, counsel contended, since the authorities permitted the petitioner to remain in the territories after his imprisonment, subject to certain limitations on his movements, they were obliged to prove a change of circumstances, and advance strong grounds for reversing this decision.

THESE arguments were unacceptable, the President said, and had already been considered by the court in H.C. 454/85, and H.C.159/84 (reviewed in *The Jerusalem Post* of October 28, 1985). The petitioner's imprisonment did not change his status to one of a lawful resident in the area. The fact that the first expulsion order had not been carried out did not constitute a permit to him to remain. There was no basis for the thesis that the expulsion order must be carried out within a short time of the infiltration thus relieving the infiltrator from serving the whole or part of the sentence imposed upon him by the competent judicial authority. Such a result would strip the punishment of any deterrent effect, limiting the main risk involved in infiltration to the infiltrator's return to the place whence he came, and no more.

Justice Shamgar also referred to an argument advanced in H.C. 454/85 that an expulsion order must be carried out within the period of prescription laid down by the law for criminal offences, and cannot be enforced thereafter. This argument too, he said, must be rejected, for an expulsion order is not a punishment. It is an order made by the administrative authorities within their power under the law, and is intended to terminate the result of an offence, namely, the continued residence of a person who has infiltrated into an area in which his residence is unlawful.

For the above reasons, the application was dismissed.

Advocate Moshe Aloni appeared for the applicant, and Advocate Renate Yarak, director of the High Court division of the State Attorney's Office, for the respondents.

Judgment given on February 10, 1986.

Perplexing Partos

MUSIC

THE JERUSALEM SYMPHONY ORCHESTRA – Janos Fuerst conducting; with Noam Buchman, flute; George-Louis Haas, oboe; Richard Paley, bassoon; Eyal Wilner, horn (Jerusalem Theatre, March 5). Oedoen Partos: "Paths"; Danzi: Sinfonia Concertante; Tchaikovsky: Symphony No.6 ("Pathetique").

SINCE ITS premiere in 1970 at the Ein Gev Festival, I have heard Partos' "Paths" (commissioned by the Lotti Steinberg Memorial Foundation) several times; I wonder if this kind of music, written with philosophical background explanations and constructed as semi-programmatic symphonic elegy, will weather the test of time.

The piece is, of course, masterly worked out in instrumental contrasts and orchestral combinations of great attraction, but all this intellectual calculation cannot compensate for a lack of cohesion, development of ideas and convincing statements. Even the committed drive of the conductor and the flawless execution of the orchestra could not move the perplexed listener or help him to understand and appreciate the composer's intentions.

After this exercise in contemporary music, the Sinfonia Concertante by Franz Danzi provided pleasant entertainment in playful dialogue between the foursome of excellent soloists (first-desk players of the JSO) and the orchestra. Lightweight by design, the score provided ample opportunities of the wind players to show off their technical bravura and musicality.

Janos Fuerst's interpretation of Tchaikovsky's "Pathetique" first movements appeared fairly emotionally restrained; even the Scherzo with its exciting theme and terrific rhythmical drive seemed rather underplayed, never losing itself in gross or crude statements, which made it sound rather agreeable. In the finale, finally, Fuerst pulled out all stops to present the composer in his most grief-laden declamations of emotion and despair, bringing this programme to a moving climax. Conductor and orchestra cooperated extremely well.

YOHANAN BOEHM

HOMAGE TO MORDECAI SETER on his 70th birthday (Bar-Shira Hall, Tel Aviv University, March 4).

TO MARK Mordecai Seter's 70th birthday Israel Radio's "Voice of Music" organized what could be regarded as a retrospective concert.

The early, charming Chidren's Rhymes (1938) still show Stravinsky's influence. Much of the music, sung by the Ancor Children's Choir, conducted by A. Meroz, was lost in the spacious hall.

Seter's ethnic-modal-polyphonic phase (approximately 1940 to 1961), when he wrote the oratorio *Midnight Vigil*, was represented by the Sonata for Two Violins (1952) and *Festive Songs* (1946), inspired by Yemenite folklore. The former, played by two excellent violinists, Vera Vaidman and Anny Schnarch, was hopelessly dragged. Nor was the *Festive Songs*, presented by the Jerusalem Academy of Music Chamber Choir, conducted by Aharon Charloff, satisfactory. Sound was feeble and tension low.

Two works represented Seter's work since 1970, when he turned almost completely to solo and chamber music. If his ethnic-modal period expressed the collective spirit of rebuilding the country and the ingathering of the exiles, Seter's works since 1970 became increasingly abstract. The *Sololoquio* for piano, and even more so the Piano Quartet No. 2 (1982), signify withdrawal leading to aloof isolation. Sound is used sparsely, dynamics are subdued and harmonic and melodic tension is obliterated, as if the music rejected its instrumental substance, reaching for Nirvana. Pianist Pnina Salzman and the Israel Piano Quartet seemed to cope with this strange, almost ascetic music.

To sum up: though some of the performances were unimpressive (the hall was a serious handicap), Seter's development was magnificently shown, and the concert reaffirmed him as one of our most earnest, original and profound composers.

BENJAMIN BAR-AM

Thinking like your dog



Furs, fins and feathers
by D'vora Ben Shaul

WE ARE often admonished to try looking at things from someone else's point of view, but it's not every day that we find ourselves in a position where we need to try to look at something from our pet's vantage point. Nonetheless, in the case of the dog that, according to a correspondent, simply hates the postman it is a good idea to try to understand the dog's reaction.

First of all, a dog is by nature conservative and in most cases possessive concerning property and most of all, territory. A sensible dog learns from puppyhood that prowlers and trespassers are to be kept out while guests are to be admitted. Now since these people do not wear labels legible to a dog, it can base its evaluation of the status of anyone either by the behaviour of the person involved or the behaviour of the owner.

Therefore, people who skulk around are suspect, those who walk up to the door are less so. If the owner freely invites the visitor in then the stranger becomes "guest" and the dog – if it is well behaved – drops the matter. The clues are read and the dog has decided whether the person is a friend to be welcomed or a foe to be driven away.

Imagine, then, the situation of the dog faced with the postman. Day after day, he either comes to the gate and fumbles with the mailbox or comes right to the door. If he comes to the door and rings, he is met at the door, words of some sort are exchanged regarding the registered letter or whatever and *the postman is sent away* In no single case is he invited into the house. The conclusion? The postman is *persona non grata.*

This same rule applies to meter readers, delivery personnel and even the neighbour who comes to the door to collect the tenant's household committee tax. They are met at the door and sent away. Is it a wonder then that the dog decides that they are the enemy?

OF COURSE, this is not the only reason that dogs dislike certain people. In general, dogs like people "just like us" since a dog identifies deeply with the household it is attached to. I have noticed that dogs belonging to Arab villagers have the same dislike of Jewish visitors that the Israeli moshav dog has of Arabs that pass by. A part of this is based on the accompanying odour that each of us bears. This is not only our own personal, distinctive odour but also a class or cultural smell composed of the soaps we use, the shoe polish we employ and a host of other smells including the type of heat we have in our house, since burning fuel leaves a distinct odour on clothing and skin, and of course, the foods we eat.

When a dog meets a person whose basic smell is the same as that in its own household, the animal is less suspicious than when he encounters someone whose smell is totally different. In the latter instance, the dog is at once alert because this person is different and to a dog different automatically means potentially dangerous. This is the reason why a dog will almost always react with extreme suspicion to anyone who limps or uses a walking stick or crutch. They also react in this way to people who dress differently, whether it's a kaftan or an abaya, a maxi-skirt if the animal isn't used to it or, especially, strange hats.

THE LAST place, but an important one where the dog gets its opinions is the reactions of the owner, even when the owner is unaware of the reaction or has tried to hide his or her real feelings. I once had a German shepherd female who knew at once if I was being polite to someone I didn't like and she almost always managed to give that person a nip. This is not, I may say, a habit to be encouraged or even condoned.

We humans, relying on verbal communication as we do, are quite unaware of the degree to which we transmit subliminal body signals which the dog, being trained by its nature to non-verbal communication, is able to read without difficulty.

SINCE I wrote about horses a few weeks ago, a number of readers have pointed out that the prices I quoted for keeping a horse were too high. According to our horse-keeping readers, a horse can be stabled in a quality stable with all expenses paid for about $3,200 a year and for half that price if the owner cleans the stall, etc. If you have your own place, then prices for food, shoeing and vet care vary depending on several factors.

In the Jerusalem hills, shoeing is at least twice as expensive as in the Galilee or the Coastal Plain and food is also more costly. Nor is the veterinary health fund in that area willing to insure your horse unless you are a farmer whose herd is also insured.

Therefore, while you can keep a horse on your own land with your own building in Galilee for about $1,500 a year and for no more than that in the coastal plain, in the Jerusalem area it will cost at least $300 more on the average.

Nonetheless, if you can keep a horse, it's a great investment in the lives of your children and the whole family will profit.

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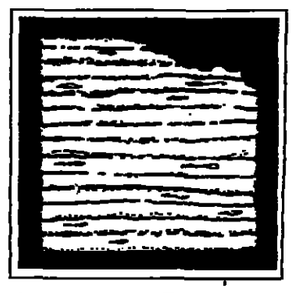


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GIVE SOLDIERS LIFTS

Juggling the shrinking water supply

By YITZHAK OKED
Jerusalem Post Reporter

TEL AVIV. – Because of the small quantities of rain this winter Water Commissioner Zemach Yishai considers declaring a national water emergency. A reduction of about 10 per cent in the quotas for agriculture, industry and city use is planned.

With one third of March over and the weatherman forecasting dry weather till Thursday afternoon, Yishai is becoming pessimistic about heavy rains still falling this winter.

In an interview with *The Jerusalem Post* Yishai said that unless there are rains before April, he may have to increase the cuts in the quota from 10 to 15 per cent or more.

In some parts of the country the cuts may even be harsher during the summer months. Three areas which will probably be affected the most are the Carmel coastal area, Western Galilee and the Golan Heights, where the quota may be cut by 50 per cent. These areas are supplied not by the national water carrier but by wells, and the levels of these wells have become dangerously low. "We simply have no reserves of water to give to these areas," Yishai said.

Critics of Yishai say that a 10 per cent cut does not take into consideration the excessive and above-quota use of water during the dry winter months, which means that in reality the cuts will be less than 10 per cent. Yishai counters that there has not been a great overuse of water quotas this winter.

In years with low rainfall the Water Commissioner is likely to come under crossfire. The farmers, on one side, demand bigger quotas, while conservationists call for his resignation because he is not cutting down on water quotas.

One of the strongest opponents to Yishai's policies is former MK Yossef Tamir, now chairman of the Life and Environment umbrella organization on ecology. Tamir claims that unless immediate steps are taken, the next generation will simply not have enough drinking water. Tamir says that the Water Commissioner is not using his extensive powers wisely.

Yishai, a former moshavnik himself, is a soft-spoken, reserved person, who never seems to lose his temper. He admits that the lawmakers gave him a lot of power. "It would be easy for me to dictate to the farmers how much water to use by issuing regulations. But the trick is to persuade them to use less water," he says.

"I have been in office for five years and what I have tried to do is regulate the yearly use of our present water potential and not to overuse it, so that coming generations will also have water."

He gets angry at the mention of critics who say he is not doing anything to reduce the country's hydrological overdraft. "I'm not God, only he can replenish our overdrawn water resources with several good years of rain."

He is also critical of those who try to decide on agricultural policies on the basis of the available water. "It is difficult to decide whether to plant citrus trees or not, because of the water they use.

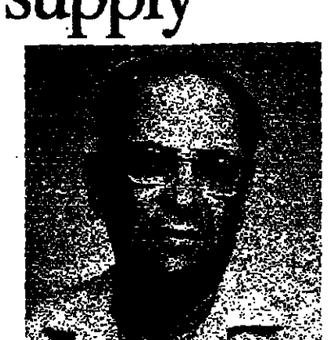
"I have decided upon red lines in the overuse of water, and it is not easy to keep the farmers from reaching these lines, but it is impossible to cut down on water use in order to pay off the hydrological overdraft."

Yishai tries to sound optimistic about the future. Money is needed to develop additional water resources. According to our long-range plans we are not going to increase the supply of water for farmers above the present level of 1.35 billion cubic metres a year. Just the same, there will be a steady increase in the use of water by the industrial and city sectors, he says.

"Where will this additional water come from? We will soon complete the third water line to the Negev at a cost of $100 million and will pump an additional 100m. cubic metres of purified sewage water for agriculture purposes for farmers who will then have to give back 100m. cubic metres of good drinking water.

"Another thing is that I have been in office only five years. Some of my actions will only bear fruit in another five to ten years. For example, I have ordered a halt to pumping water from a number of wells in the coastal region. It will take about 15 years before we will see the results of this restraint and may be able to renew pumping."

The Water Commissioner now holds meetings to discuss the possibility of lowering the price of water in the wake of lower prices of oil and electricity.



Zemah Yishai

DID YOU KNOW THAT...

the average time it took to complete a building increased from 21.3 months in 1974 to 24 months in 1984. (CBS)

National economic indicators

By AVI TEMKIN

PRICES	
Consumer Price Index (Jan.) (Average 1985=100)	134.5 points
Monthly inflation rate (Jan.)	minus 1.3%
(same month year ago)	(5.3%)
Quarterly inflation rate (Nov.–Jan.) (In annual terms)	1.9%
(Same period year ago)	(30.5%)
Year ending January	167.3%
(Same period year ago)	(399%)
Price Index of inputs in residential building (Oct. 1983=100/100)	1725.3
(change over January)	(1.1%)
Wholesale Price Index (Jan.) (average 1977=100/100)	1943.5
(change over Jan.)	(1.1%)
DEVALUATION	
Exchange rate. NIS for $ (end Feb.)	NIS 1.476
(same month year ago)	(IS765.03)
Devaluation over month (Feb.)	minus 0.5%
Since 31.12.1985	minus 1.46%
Year ending February	93.1%
Devaluation over month (basket of currencies) (Feb.)	3.27%
Since 31.12.1985 (basket)	3.16%
Year ending February	139.7%
SHARES AND BONDS	
Index of share prices (end Feb.) (December 31, 1985=100)	105.55%
(change over month)	(8.4%)
Index of bond prices (end Feb.) (Dec. 31, 1985=100)	97.54
(change over month)	(minus 0.6%)
UNEMPLOYMENT	
Unemployed persons (seasonally adjusted)	99,000
Unemployed as per cent of civilian labour force (Oct. – Dec. seasonally adjusted)	6.7%
(previous quarter)	7.8%
GOVERNMENT FINANCE	
Monetary injection (plus) or absorption (minus) last month	minus NIS 220 m.
Since beginning of fiscal year (in dollar terms)	$322 million
CREDIT AND FINANCE	
Estimated average cost of credit (in annual terms. Adjusted for inflation)	40 to 45%
FOREIGN TRADE AND FINANCE	
Trade balance deficit) (since Jan. 1)	$423m.
(same period year ago)	(344m.)
Foreign currency reserves (end Feb.)	($3,078m.)
(change over month)	($72m.)

Labour Briefs

By TSIPI KUPER

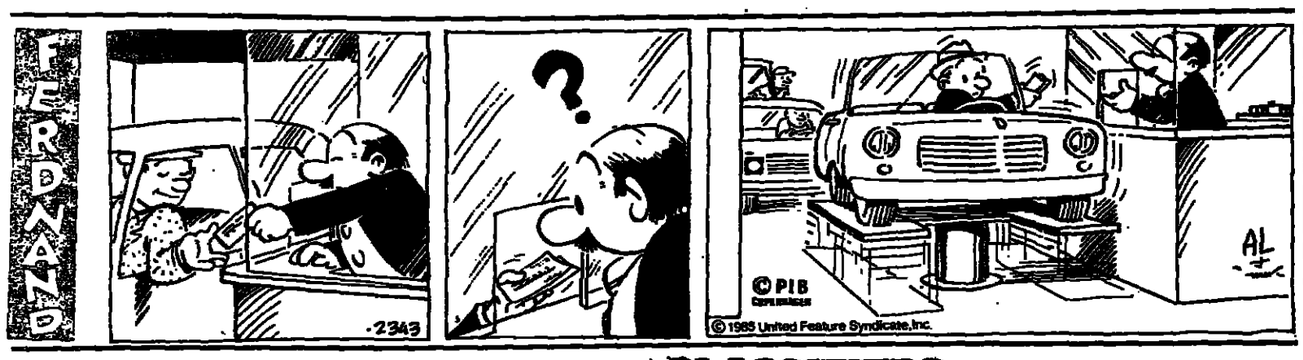
Factories with liquidity problems may from next month on receive government subsidies to avoid firing workers. Plants will get about NIS 150 per worker, according to a Labour and Social Affairs Ministry official. The money will come from the ministry's Fund for the Prevention of Unemployment, which receives 5-10 per cent of the National Insurance Institute's revenue for unemployment benefits.

Negotiations are currently underway between the Histadrut, the Coordinating Bureau of Economic Organizations and the Labour Ministry to finalize the agreement.

The percentage of working teenagers in West Germany has gone down drastically over the past 20 years, indicating a fundamental change in attitudes. While the majority of 16 to 18-year-olds held jobs or were trainees in 1962, only one in 20 is employed today, according to a recently published *Inter-Nationes* social report.

The number of youngsters still attending school at this age trebled during these years, the report said. German youngsters see no connection between combating unemployment and economic growth, according to the report.

It quoted a 1983 study in which 94 per cent of the 14-21 year group questioned thought the fight against unemployment should head the government's list of priorities, while only 27 per cent thought fostering economic growth was important.



Israel Lands Administration
Jerusalem District

Offer for Lease of Plot for Construction of Hotel and Vacation Centre, at Ramot 02 Quarter in Jerusalem
Tender No. JM/85/133

The Israel Lands Administration invites bids for a development contract for property, details of which at time of publication of the tender, were as follows:

Municipal building plan	Plot	Approx. area (sq.m.)	Development price (NIS)* (not incl. VAT)	Minimum price (not incl. VAT)	Deposit (NIS)
3096	1,3	28,462	843,686	747,782	50,000

* Linked to January, 1986 building index, and to be paid to the Arim Company, according to the infrastructure development contract to be concluded with the company.
The "Tender Conditions Brochure" is obtainable from our Jerusalem district office, 34 Reh. Ben Yehuda, 12th floor, Tel. 224121, on regular working days, for a NIS 50 non-refundable payment.

Deadline for submitting tender bids is 12 noon on April 4, 1986. Bids not in the tenders postbox by the above date, for any reason whatsoever, will not be considered.

The Israel Lands Administration does not undertake to accept the highest or any other bids.

ad649-17-F24

Ecumenical Institute for Theological Research
TANTUR PUBLIC LECTURE IN ENGLISH
Thursday, March 13, 1986
By Professor NILS A. DAHL

Yale Divinity school (retired)

"Gentiles, Christians and Israelites in the Epistle to the Ephesians"

In the Auditorium of the Ecumenical Institute at Tantur commencing at 4.00 p.m.
Tea will be served after the lecture at 5.30 p.m.
Ample car parking space at Tantur. Buses 22 and 30 stop outside the main gate.
Located at the junction of the Hebron Road with the dual carriageway to Gilo.

ad588-13-F22

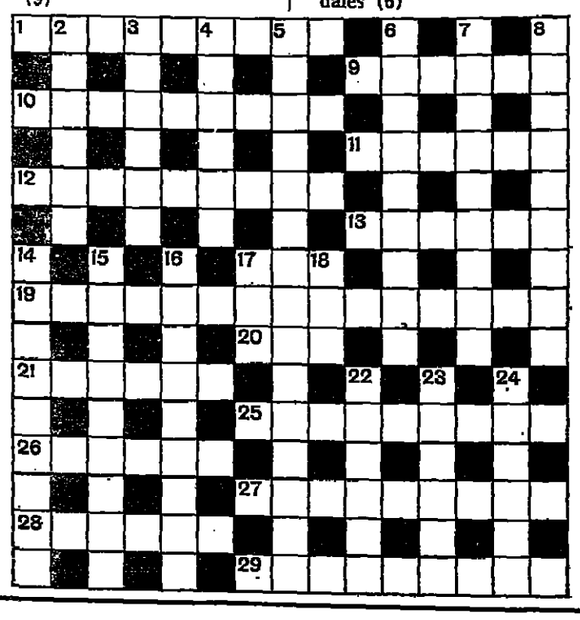
ONE-ON-ONE CROSSWORD

ACROSS

1 Very valuable pieces of metal (4, 5)
9 Like a seabird in the wake of a boat (6)
10 Circumvent a conurbation in Kansas? (5, 4)
11 Informer on Eastern French perfumery (6)
12 A rising directed from St Helena (9)
13 Is singularly successful at healing a rift? (6)
17 A sheepish expression (3)
19 Observation made in outer space by a scholar? (8, 7)
20 A fruit-stone that could be mine (3)
21 It isn't empowered to move through the air (6)
25 An abrasive journal to read on the beach? (9)
26 Assigns everything back to the South (6)
27 A fanciful project such as the Channel Tunnel in its planning stage! (4-5)
28 Mr Reagan in the seat of authority (6)
29 One who can skilfully dissect a nuclear scientist (9)

DOWN

3 He can't make notes without having a pipe in his mouth (6)
3 A fellow who turns up in Australia? (6)
4 The overhead expenses NCOs have to turn out (6)
5 Politically its aim is to bring business to the state (15)
6 The study of heavenly bodies on a stormy assignment (9)
7 A pad in use both night and day (3-6)
8 Stupid cryptic clue for "sateens"? (9)
14 Outgoing types streaming all over the place (9)
15 Firemen prepared to go into action (9)
16 Splitting fifty-fifty (9)
17 Roll up in Scotland (3)
18 Wild-cat piece of legislation (3)
22 A coming occasion in the church calendar (6)
23 Little Willy taken round an Indian city where Napoleon won a victory (6)
24 Cycles along quiet winding dales (6)



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PERSONAL

GALEA. Researcher seeks information on/ relatives of W. Galea, British Consular Agent, Tunisia, 1880's. Write McQuarrie, Dept. Geography, Durham University, England.

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MISCELLANEOUS

I, DR. Y. KHANELIS, patented the system of artificially terracing land. Invented 21.8.83. Later patented in the U.S.A.

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REPORT SUSPICIOUS OBJECTS

WHAT'S ON

Notices in this feature are charged at NIS 6.90 per line, including VAT. Insertion every day of the month costs NIS 138 per line, including VAT, per month.

JERUSALEM

Museums

ISRAEL MUSEUM. Exhibitions: Art in Context, audio-visual programme showing development of Israel Art ◊ Early 20th Century Posters, avant-garde posters ◊ Two Artists, Two Landscapes, works by Shalvah Segal and Eli Shvadron. ◊ Traditional Jewelry, Permanent Display, Jewish Ethnographic Jewelry. ◊ "Friendly Butterfly", illustrations by Orah Eyal ◊ From the Depths of the Sea (Rockefeller Museum) ◊ Building in Jerusalem, computer games to building with stone ◊ The Cosmic and the Divine, Andean textiles. ◊ Ancient Mirrors, display of Mirrors from Different Cultures ◊ "Nerot Mitzvah", Ideas for Light in Jewish Ritual. ◊ Placescape: 14 artists present versions of surrounding landscapes (Paley Centre, near Rockefeller Museum). ◊ Permanent collection of archeology, Judaica and ethnic art. ◊ **Borowsky Fine Arts Wing** closed Mar. 7-23 for repairs. **Visiting Hours: Main Museum** 10-5. At 11: Guided tour of Museum in English. 3: Guided tour of Achaeology galleries in English. 8: Lecture, "From the Ornamental to the Lifelike in Rodin's early Work" by Prof. A. Poseq.

L.A. MAYER MEMORIAL INSTITUTE FOR ISLAMIC ART. Visiting hours: Sun.-Thurs. 10-1; 3.30-6. Fri. closed. Sat. and holidays 10-1. 2 Hapalmach St., Tel. 02-661291/2. Bus No.15.

EXHIBITIONS

JERUSALEM MAP HOUSE, Old City, 7 Beit El St., 288338, 423547. Roberts, Turner, etc.

Conducted tours

HADASSAH – Guided tour of all installations ★ Hourly tours at Kiryat Hadassah and Hadassah Mt. Scopus. ★ Information, reservations: 02-416333, 02-446271. Due to repairs the Chagall Synagogue will be closed March 4-12.

HEBREW UNIVERSITY
1. Tours in English at 9 and 11 a.m. from Administration Building. Givat Ram Campus. Buses 9, 28, 24 and 16.
2. Mount Scopus tours 11 a.m. from the Bronfman Reception Centre, Sherman Building. Buses 9, 28, 4a, 26 and 23 to the first underground stop. Further details: Tel. 02-882819.

AMIT WOMEN. (Formerly American Mizrachi Women). Free Morning Tours – 8 Alkalai Street, Jerusalem. Tel. 02-699222.

ORT. To visit our technological High Schools call Jerusalem 533141; Tel Aviv 396171, 233231, 240529; Netanya 33744.

TEL AVIV

Museums

TEL AVIV MUSEUM. Exhibitions: Dan Kuliks (1938-1979). Sculptures, drawings, paintings, photographs. The Museum's collection of classical, Impressionist, post-Impressionist and contemporary art. Museum Visiting Hours: Sun.-Thur. 10-2; 5-9. Sat. 11-2; 7-10. Fri. closed. **Helena Rubinstein Pavilion:** Scopes of Contemporary Drawing from Kunstmuseum Basel. **Visiting Hours:** Sun.; Thur. 10-1; 5-7; Fri. 10-1. Sat. 11-2.

Conducted Tours

AMIT WOMEN (formerly American Mizrachi Women). Free Morning Tours – Tel Aviv, Tel. 220197, 233154.

WIZO. To visit our projects call Tel Aviv, 232939; Jerusalem, 226060; Haifa, 88817.

PIONEER WOMEN – NA'AMAT. Morning tours. Tel Aviv, 210791, Jerusalem 244878.

HAIFA

Museums

HAIFA MUSEUM, 26 Shabtai Levy St. Tel. 04-523255. Exhibitions: **Modern Art** – Reuven Rubin, the portrait in his work in retrospective; Ya'acov Hefetz, Sculptor; 17 Naive Artists. **Ancient Art** – Jewish coins of the Second Temple Period, Egyptian textiles, terracotta figurines, Shikmona finds. **Music and Ethnology** – Jewish costumes. 20 porcelain pieces from the Fela and Natan Celnik collection, U.S.A. Open: Sun.-Thur. and Sat. 10-1; Tue. and Sat. also 6-9. **Ticket includes admission to National Maritime, Prehistory and Japanese Art Museums.**

Miscellaneous

WHAT'S ON IN HAIFA, dial 04-640640.

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Jerusalem: Kupat Holim Clalit, Romema, 523191; Balsam, Salah Eddin, 272315; Shu'afat, Shu'afat Road, 810108; Dar Aldawa, Herod's Gate, 282058.
Tel Aviv: Bavli, 1 Uziel, cnr. 10 Toledano, Shikun Bavli, 440552; Achva, 165 Dizengoff, 224717.
Netanya: Hamagen, 13 Sd. Weizmann, 22985.
Haifa: Yavne, 7 Ibn Sina, 672288.

DUTY HOSPITALS

Jerusalem: Bikur Holim (pediatrics, E.N.T.), Hadassah Ein Karem (internal, surgery, orthopedics, ophthalmology), Misgav Ladach (obstetrics).
Tel Aviv: Rokah (pediatrics, internal, surgery).
Netanya: Laniado (obstetrics, gynecology, internal, surgery, pediatrics).

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Carmiel *988555	Netanya *23333
Dan Region *781111	Petah Tikva *9231111
Eilat 7233	Rehovot *461333
Hadera 22333	Rishon LeZion 942333
Haifa *512233	Safed 30333
Hatzor 36333	Tel Aviv *240111
Holon 803133	Tiberias *90111

Mobile Intensive Care Unit (MICU) service in the area around the clock.
101 Emergency phone number in most areas.
"Eran" – Mental Health First Aid, Tel: Jerusalem 227171, Tel Aviv 261111/2, Haifa 672222, Beersheba 418111, Netanya 35316.
Rape Crisis Centre (24 hours), for help call Tel Aviv, 234819, Jerusalem – 245554, and Haifa 88791.
Jerusalem Institute for Drug Problems. Tel. 663828, 663902, 14 Bethlehem Rd.

Kupat Holim Information Centre, Tel. 03-433300, 433500 Sunday-Thursday, 8 a.m. to 8 p.m. Friday 8 a.m. to 3 p.m.

The National Poison Control Centre at Rambam Hospital, phone (04)529205, for emergency calls, 24 hours a day, for information in case of poisoning.

Tel Aviv: Dental Association clinic 49 Rehov Bar-Kochba, Friday: 6 p.m. to midnight; Saturday: 10 a.m. to 2 p.m.; 8 p.m. to 10 p.m. Tel. 03-284649.

Dental Clinic, 25 Rehov Ahimeir, Ramat Aviv Gimmel, Shabbat and holidays: 6 p.m. – 10 p.m. Weekday evenings: 4.30 – 10, Tel. 03-425832.

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Dial 100 in most parts of the country. In Tiberias dial 924444, Kiryat Shmona 14444.

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24-Hours Flight Information Service: Call 03-9712484 (multi-line). Arrivals Only (Taped Message) 03-381111 (20 lines)

TODAY'S ENTERTAINMENT

ON THE AIR

Voice of Music

6.02 Morning Melodies
7.07 Boyce: Sinfonia No.1; Hertel: Concerto (Andre)
7.30 Holzbauer: Symphony; Moscheles: Flute Sonata (Talmi, Frager); Sarasate: "Carmen" Fantasy (Perlman); Bruch: Septet; Mendelssohn: Youth Symphony No.9
9.30 Lalo: Norwegian Rhapsody (Martinon); Grieg: Piano Sonata, Op.7 (Glen Gould); Dvorak: Cello Concerto (Harell, Ashkenazy); Mozart: Quartet, K.499 (Juilliard); Beethoven: Symphony No.4 (Vienna/Bernstein)
12.05 Shoham, Chen, Gruenfeld – Bach: Trio Sonata; Hummel: Beethoven: Sonata
13.00 Mozart: Quintet for Piano and Wind Instruments; Salieri: Concerto for Flute and Oboe; Beethoven: Symphony No.1; Brahms: Haydn Variations
15.00 Musica Viva – Radio Italia – Contemporary Italian Music – Franko Donatoni: Piece for Choir and Orchestra; Bruno Maderna: "Ages"
16.00 Rossini: "Cinderella" Overture; Mozart: "Davidde Penitente", K.469 (Bertini); Liszt: "Mazeppa"; Bartok: Violin Concerto No. 2 (Perlman); Schubert: Symphony No.2
18.30 Jerusalem Symphony Orchestra, Gary Bertini conducting – Beethoven: Piano Concerto No.3 (Rina Dukschinsky); Verdi: Aria from "La Traviata" (Ruth Tavor); Tchaikovsky: Violin Concerto (Hagai Shaham)
20.05 Bach: Preludes and Fugues from the "Well-tempered Clavier," Book One
20.30 Gewandhaus Orchestra, Leipzig, Kurt Masur conducting in Vienna – Bach: Harpsichord Concerto in D minor (Eisenberg); Paul Dessau: Bach Variations; Beethoven: Symphony No.7; Beethoven: "Egmont" Overture; "Cantus Amici", Finland – First Prize in "Lets Sing" of the EBU Fugstedt: 2 Love Songs; Poulenc: 4 Prayers of St. Francis of Assisi
22.30 Folkmusic from Peru
23.00 Mozart: Sonata K.332 (Oshida); Schubert: Sonata D.259 (A. Schnabel)

First Programme

6.03 Programmes for Olim
7.30 Favourite Old Songs
8.05 Compass – with Benny Hendel
9.05 Hebrew songs
9.30 Encounter – live family magazine
10.30 Programme in Easy Hebrew
11.10 School Broadcasts
11.30 Education for all
12.05 Guest for an hour
13.00 News in English
13.30 News in French
14.06 Children's programmes
15.53 Notes on a New Book
16.06 Radio Drama
17.20 Everyman's University
18.06 Jewish Traditions
18.47 Bible Reading
19.06 Reflections on the Portion of the Week
19.30 Programmes for Olim
22.05 Night Connection

Second Programme

6.12 Gymnastics
6.30 Editorial Review
6.53 Green Light – drivers' corner
7.00 This Morning – news magazine
8.05 Safe Journey
9.05 House Call – with Rivka Michaeli
10.10 All Shades of the Network
12.10 Open Line – news and music
13.00 Midday – news commentary, music
14.06 Matters of Interest
15.10 Magic Moments
16.05 Songs and Homework
17.10 Economics Magazine
18.06 Free Period – education magazine
18.45 Today in Sport
19.05 Today – radio newsreel
19.35 Law and Justice Magazine
20.05 Cantorial Hit Parade
22.05 Jazz Corner
23.05 Treasure Hunt

Army

6.10 Morning Sounds
6.30 University on the Air
7.07 "707" – with Adi Talmor
8.05 Good Morning Israel
9.05 Right Now – with Rafi Reshef
11.05 The Old Days – with Orly Yaniv
13.05 Israeli Style – with Eli Yisraeli
15.06 What's Doing – with Erez Tal
16.05 Open Line to the Minister of Defence
17.00 Evening Newsreel
18.05 Economics Magazine
19.06 Radio Radio
20.05 Israeli Hit Parade
21.00 Mabat – TV Newsreel
21.30 University on the Air (repeat)
22.05 Popular songs
23.06 On Books and Readers (repeat)

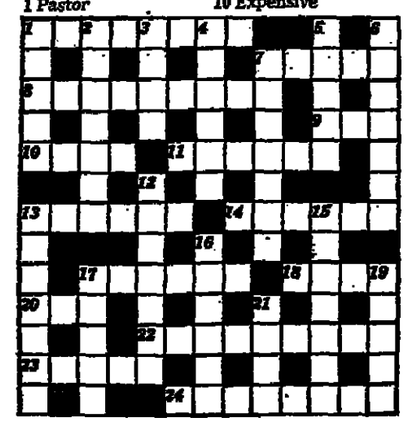
QUICK CROSSWORD

ACROSS

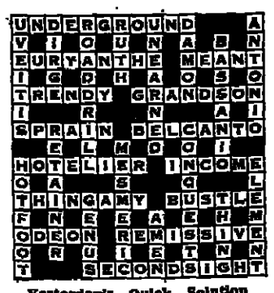
1 Pastor
7 Enemy agents
8 Sonority
9 Automobile
10 Expensive
11 Enclose in wraps
13 Clamp-down on wages
14 Erase
17 Probable
18 Plunder
20 Owing
22 eg. beheading
23 Work of fiction
24 Clergyman's title

DOWN

1 Scrap
2 Subjugate
3 Manual worker
4 Fame
5 Portion
6 Attribute
7 Paid
12 OT book
13 Soft sweetmeat
15 Arousing feeling
16 Sheep's coat
17 Depart
19 Adjusted the tones
21 Unsullied



Yesterday's Solution



Yesterday's Quick Solution

ACROSS: 1 Human, 4 Writes, 9 Netting, 10 Upset, 11 Eden, 12 Presume, 13 Age, 14 Balm, 16 Toss, 18 See, 20 Humdrum, 21 Data, 24 Panic, 25 Concoct, 26 Lucent, 27 Polar. DOWN: 1 Handel, 2 Metre, 3 Nail, 5 Roulette, 6 Tissues, 7 Sateen, 8 Agape, 13 American, 15 Almanac, 17 Chapel, 18 Smack, 19 Master, 22 Atoll, 23 Snap.

TELEVISION

EDUCATIONAL:
8.15 School Broadcasts 14.00 The Children from Shchunat Hahn 14.20 Rocks and Minerals 14.30 Whales 14.45 Follow Me 15.00 Making Magic 15.25 No Secrets 15.50 100 Famous Paintings 16.00 Separate peace – two youths grow up against the background of the Second World War 17.00 A New Evening – live magazine
CHILDREN'S PROGRAMMES:
17.30 Alice in Wonderland. Part 4 of a 26-part animated serial based on the book by Lewis Carroll
18.00 Problems of High School Children
ARABIC-LANGUAGE programmes:
18.30 News roundup
18.32 Programme Trailer
18.35 Sports
19.30 News
HEBREW PROGRAMMES resume at 20.00 with a news roundup
20.02 Fame – drama series: The Rivalry
20.50 Beauty Spot – tips on hikes and trips
21.00 Mabat Newsreel
21.30 Near Ones and Dear Ones – Israeli series
22.00 This is the Time
22.50 Bulman. Final part of a 13-part suspense series starring Don Henderson: A Man of Conviction
23.40 News
JORDAN TV (unofficial)
17.30 Cartoons 18.00 French Hour 19.30 News in Hebrew 20.00 News in Arabic 20.30 Carol Burnett and friends 21.10 Sense and Sensibility 22.00 News in English 22.20 Dallas
MIDDLE EAST TV (from T.A north):
13.00 Woody Woodpecker 13.30 Another Life 14.00 700 Club 14.30 Shape-Up 15.00 Afternoon Movie 16.30 Spiderman 17.00 Super Book 17.30 Muppets 18.00 Happy Days 18.30 Laverne & Shirley 19.00 News 20.00 Magnum P.I. 21.00 Another Life 21.30 NBA 23.30 700 Club

CINEMAS

JERUSALEM 4:30, 7, 9
Eden: Jagged Edge; **Edison:** Death Wish III; **Habira:** White Nights 4:15, 6:45, 9:15; **Kfir:** Rocky IV; **Mitchell:** Ran 6, 9; **Orgil:** Twice in a Lifetime; **Orna:** Parole de Flic; **Rom:** The Lover; **Semadar:** Choose Me 7, 9:15; **Binyenei Ha'uma:** When Father Was Away on Business 6:45, 9:15; **Beit Agron:** The Wizard of Oz 4; Tosca 5.45 p.m.; Turning Point 8; Les Ripoux 10; Rambo, midnight; **Cinematheque:** Man of Flowers 7; La Beau Serge 7; The Scarlet Pimpernel 9; The Quiet Man 9.30

TEL AVIV 4:30, 7:15, 9:30
Allenby: Naked Face 5, 7:30, 9:30; **Beit Leissin:** Diva 11:15 p.m.; **Ben-Yehuda:** Tomboy; **Beth Hatefutsoth:** No prfs. this week; **Chen 1:** Year of the Dragon 4:15, 7, 9:45; **Chen 2:** American Flyer 5, 7:20, 9:45; **Chen 3:** Marie 5, 7:20, 9:45; **Chen 4:** Doin' Time 10:30, 1:30, 4:45, 7:20, 9:40; **Chen 5:** The Sure Thing 10:30, 1:30, 4:45, 7, 9:40; **Cinema One:** Rocky IV; **Cinema Two:** Back to the Future; **Dekel:** White Nights 7, 9:30; **Drive-in:** Commando 7:15, 9:30; Sex film, 12 midnight; **Esther:** Red Sonia; **Gat:** Twice in a Lifetime; **Gordon:** The Official Story; **Hod:** Death Wish III; **Lev 1:** Target 1:30, 4:50, 7:15, 9:30; **Lev II:** Bonnie and Clyde 2, 5, 7:30, 9:40; **Limor Hamehudash:** Prizzi's Honor 4:30, 7, 9:30; **Maxim:** Commando; **Mograbi:** Silverado 4:30, 7, 9:30; **Orly:** And the Ship Sails On 4:30, 7, 9; **Paris:** The Company of Wolves 12, 2, 4, 7:30, 9:30; **Peer:** When Father Was Away on Business 4:15, 7, 9:30; **Stahaf:** The Lover; **Studio:** Jagged Edge; **Tchelet:** I Love You Carmen 4:30, 7, 9:30; **Tel Aviv:** To Live and Die in L.A.; **Tel Aviv Museum:** Favorites of the Moon; **Zafon:** Ran 6:15, 9:30; **Israel Cinematheque:** Mon Oncle 7, A Labour of Love 9.30; **Tamuz Hamehudash:** Clockwork Orange 9:30 p.m.; Amadeus 6:30

HAIFA 4:30, 6:45, 9
Amphitheatre: Naked Face 4:30, 7, 9:15; **Armon:** Red Sonia; **Atzmon:** The Key 4:30, 7, 9:15; **Chen:** Draw; **Orah:** The Lover 4:30, 7, 9:15; **Orly:** Year of the Dragon 6:30, 9:15; **Peer:** Plenty 4, 6:30, 9; **Ron:** Rocky IV 4, 6:45, 9:15; **Shavit:** Ran 6, 9; **Rav-Gat 1:** I Love You Carmen 4:30, 7, 9:15; **Rav-Gat 2:** White Nights 3:45, 6:30, 9:15; **Keren Or Hamehudash:** Kaos 6, 9; **Centre Culturel Francais:** Tirez sur le Pianiste 9.30

RAMAT GAN
Armon: Pray for Death 5, 7:15, 9:30; **Lily:** Prizzi's Honor 7, 9:30; Romancing the Stone 4:30; **Oasis:** Fright Night 7:15, 9:30; **Ordan:** Death Wish III, 7:15, 9:30; **Ramat Gan:** For Those I Loved 6:45, 9:30; **Rav-Gan 1:** Twice in a Lifetime 5, 7:30, 9:40; **Rav-Gan 2:** Marie 6, 7:30, 9:45; **Rav-Gan 3:** Year of the Dragon 4:15, 6:50, 9:30; **Rav-Gan 4:** Jagged Edge 5, 7:20, 9:45

HERZLIYA
David: Target 4:30, 7:30, 9:20; **Hechal:** The Lover 4:30, 7:15, 9:30; **Tiferet:** Hot Dog 7:15, 9:30; **Daniel Hotel:** Ordeal by Innocence 7.15, 9.30

HOLON
Migdal: Plenty 7, 9:30; **Savoy:** Death Wish III, 4:30, 7:15, 9:30; **Armon Hamehudash:** Gulag 5, 7:15, 9:30

BAT YAM
Atzmon: Rocky IV, 4:30, 7:15, 9:30

GIVATAYIM
Hadar: Rocky IV, 4:30, 7:15, 9:30

RAMAT HASHARON
Kochav: Finders Keepers 7; Prince of Passion 9:30 p.m.

MARKET PLACE

MACABEE DEAN

Trying to stir up an arnona rebellion

The "arnona" system of municipal taxes is typical of official mismanagement in Israel.

The word itself infiltrated into Hebrew during the Roman period. Today it is more familiar to English speakers here than the proper English word "rates," i.e., taxes imposed on residents by municipal and local authorities to finance their various activities.

Several groups are fighting this mismanagement, but they are attacking the symptoms, not the cause. For they direct their efforts against the "exorbitant" hikes in arnona planned for the 1986-87 fiscal year. The most prominent is the Federation of Chambers of Commerce. It has even drawn up a battle plan aimed at an actual arnona rebellion. And the Chamber of Self-Employed is also uttering war-cries.

Facts and figures are often contradictory – for so-called impartial statistics tend to favour those paying for their compilation – are flying around thick and fast. Some examples: average rates in 1986/87 will be 170 per cent higher than in 1985/86, although the cost-of-living index rose in 1985/86 by only 90 per cent, and the projected index rise in 1986/87 should be much lower than 90 per cent.

And in 1984/85, nearly all municipalities pushed up their rates much faster than the 407 per cent index hike. For example, Haifa did so by 147 per cent over and above the index; Jerusalem by 64 per cent. Only Tel Aviv dragged its feet, raising its rates by an insignificant 4.3 per cent. In only one municipality, Nazareth, did the rates lag (by 13 per cent) behind the index.

Drawing up a comparative index, ranking the most expensive to the least expensive arnona cities, shows that the pack in 1985 was led by Givatayim, 195 per cent; followed by Jerusalem, 154; Ramat Gan, 145; Herzliya, 144; Haifa, 140; Netanya, 126; Tel Aviv, 122; Petah Tikva, 114; Rishon Lezion, 113; Holon, 91; Ashdod, 82; Kiryat Shmona, 74; Eilat, 67; Dimona, 62; Beersheba, also 62; Lod, 46; Kiryat Gat, 43; and Nazareth, 21.

But all these figures, entertaining as they may be, are misleading.

One city may be expensive, but may provide excellent services making it a pleasure to live there; another may be cheap but provide services so substandard that living there is hell.

Neither the federation nor the chamber has tackled the problem from this viewpoint, i.e., drawing up a relationship between the arnona and the services provided. These organizations – many of their members are merchants and professionals – are more interested in complaining that the prices they charge for their goods and services have been frozen, more or less, while the wages paid by local authorities have been heavily eroded, making running a municipality much cheaper. Therefore, rates should come down, they say.

Perhaps this is true, but it still does not solve the basic problem: are the residents getting fair value for their money?

The federation and the chamber should demand that a series of indexes be drawn up.

For example, an index showing the ratio between the number of bureaucrats and other city employees and the city's population; between the monies spent on education, health, parks, playgrounds and road improvement, and the actual results achieved; between the number of inspectors assigned to issue traffic reports for illegally parked cars and the fines collected. All this would really give the federation and chamber a whip with which to beat the city fathers.

Establishing such a series of "performance" ratios is imperative, if the cities are to gain the respect and cooperation in paying rates of their residents. For these residents must bear an ever-increasing burden.

Gone are the good old days when a city overspent its budget, knowing that the Finance and Interior Ministries would pick up the tab. And if these ministries did not come through, then the mayor inspired a strike of garbage collectors. The stench from the accumulated garbage rotting in the streets quickly forced government ministers to dig deeper into their pockets.

In the future, the residents themselves will have to do the digging, or buy protective devices for their noses.

Profits up at First Int'l

By PINHAS LANDAU
Post Finance Reporter

TEL AVIV. – The First International Bank yesterday reported a net profit of NIS 27.5 million ($18.3m.) for 1985, a 10.7 per cent rise inflation-adjusted over the restated 1984 results.

The bank's managing director, Zadik Bino, told a press conference at Beit Sokolow here that he expects one of the three investor groups negotiating with the Bank of Israel to buy First International, to sign a contract soon, thus ending the ownership vaccum that has existed since the Danot Investment company applied for voluntary liquidation last year.

Bino expressed satisfaction with the profits, noting that "the Treasury received plenty of tax, the shareholders got an $8m. dividend, and the staff a bonus."

Bino sought to clarify the numerous new accounting changes introduced this year. This spilled over into a general review of monetary policy since last July and the direction he thought it sould now take. (Story page 1).

First International's balance sheet shrank by 8.3 per cent in adjusted terms, to stand at NIS 3,378m. ($2,252), at the end of 1985, compared with NIS 3,682m. ($2,455), a year earlier. This was the result of the gap between the rate of devaluation (135 per cent) and the rate of inflation (185 per cent) over the course of last year, which resulted in a shrinkage in shekel terms of the 40-odd per cent of the bank's assets that are dollar-denominated.

The retained earnings, which boosted the bank's capital means, and the shrinkage of the balance-sheet, combined to produce a capital assets ratio of 6.1 per cent, while the ratio of capital to loans to the public was 17 per cent.

The higher net earnings came as the end-result of a complicated series of conflicting transactions. Gross earnings were boosted by the large profit margins in force most of last year, but these were depleted by large set-offs for bad debts. In this respect, Bino indicated, but refused to confirm, that First International had written off the whole of its loans to Elscint.

Gross earnings ended up falling by 8.4 per cent, to NIS 69.9m. (46.6m.), but the lower tax bite (60 per cent instead of 1984's 65 per cent) – itself a function of numerous factors, including treatment of R&D investments, previous tax advances and write-offs for bad debts – left net operating profits up on a comparative basis.

However, the only two facts that emerged as indisputable from the bank's figures, were that this year's crop of results is extremely difficult to assess and almost impossible to compare to previous years, and that the fifth-largest Israeli bank is still by far the most profitable.

The chances of any of the larger banks achieving a net return on equity of 14 per cent and a gross return of 36.3 per cent are negligible. Bino pointed out that one third of his banks' capital is tied up in subsidiaries, such as the Merav Mortgage Bank, which have almost all their profits taxed away. Thus the return on capital by the bank proper was over 20 per cent net and over 60 per cent gross.

The dollar bounces back

Post Economic Staff

The dollar closed marginally higher against most major currencies at the end of last week. It gained 0.5 per cent against the mark and Swiss franc but lost the same amount against the yen and sterling.

The dollar had been much higher earlier in the week on a sudden wave of profit-taking. Rumours put this sell-off of European currencies down to large dollar buy orders originating in the Middle East which put pressure on the currencies and triggered panic selling.

Whatever the reason, this shakeout could start a more serious correction, further strengthening the dollar in the near future.

Last week was marked by a joint operation of central banks in Germany, Japan and the U.S. to cut their basic interest rates. The Federal Reserve Bank announced a cut of 0.5 per cent in the discount rate, to 7 per cent, a move aimed at stabilizing current exchange rates and smoothing wide fluctuations.

A greater than expected 0.6 per cent drop in the January index of leading economic indicators had little impact on the dollar, but helped the bond market.

Since the discount rate cut – which had itself been discounted by the market – also had little influence on the dollar's exchange rates, it looks as if it has given an opportunity to institutions to buy dollars.

Should the dollar break the 2.28 Deutschmark level, more buying of dollars is likely, as technically-oriented traders react to a change of trend.

(Based on material supplied by the Dr. Boaz Barack management service.)

Tel Aviv Stock Exchange

MARKET STATISTICS

Indices:

General Share Index	111.94	+3.76%
Non-Bank Index	130.27	+4.30%
Arrangement	103.84	+3.53%
Insurance	145.06	+5.44%
Commerce, Services	130.23	+3.70%
Real Estate	153.87	+3.10%
Industrials	123.18	+4.27%
Textiles	148.70	+5.15%
Metals	120.96	+0.56%
Electronics	104.30	+4.45%
Chemicals	118.31	+4.45%
Industrial Invst.	129.86	+2.93%
Investment Cos.	141.85	+6.29%
General Bond Index	99.30	+0.42%
Index-linked Bonds	99.67	+0.49%
Fully-linked	101.10	+0.69%
Partially-linked	98.74	+0.35%
Dollar-linked Bonds	96.60	+0.12%
Short-term 0-2 yrs	99.16	+0.27%
Medium-term 2-5 yrs	99.15	+0.41%
Long-term 5+ yrs	98.60	+0.65%

Turnovers:

Shares – total	NIS	18,239,200
Arrangement	NIS	5,861,100
Non-bank	NIS	12,378,100
Bonds – total	NIS	6,576,600
Index-linked	NIS	4,010,100
Dollar-linked	NIS	2,565,500
Treasury Bills	NIS	9,724,700

Share Movements:

Advances	289	(290)
of which 5%+	137	(137)
"buyers only"	37	(41)
Declines	26	(25)
of which 5%–	7	(9)
"sellers only"	2	(0)
Unchanged	73	(81)
Trading Halt	51	(44)

Bond Market Trends:

Index-linked	
3% fully-linked	Rises to 3%
4.25% fully-linked	Rises to 3%
80% linked	Stable
90% linked	Stable
Double-linked	Rises to 2%
Dollar-linked	
Admon	Slight rises
Rimon	Rises to 2%
Gilboa	Rises to 2%
For. Curr. denominated	Mixed to 2%
Treasury Bills (monthly yield)	1.41% to 1.68%

Arrangement yields:

IDB ord.	11.92%
Union 0.1	12.03%
Discount A	12.24%
Mizrahi r.	11.95%
Hapoalim r.	11.97%
General A	12.24%
Leumi stock	12.30%
Fin. Trade 1	12.12%

SELECTED PRICE QUOTATIONS

Name	Price	Volume '000NIS	% change
Commercial Banks			
(not part of "arrangement")			
Maritime 1	1125	6608	+10.0
General non-arr.	37000	482	+7.2
First Int'l	no trading		
FIBI	no trading		
Commercial Banks			
(part of "arrangement")			
IDB r	79510	585	+3.4
Union 0.1	59000	394	+4.1
Discount	100700	640	+3.3
Mizrahi	32700	1428	+3.8
Hapoalim r	53950	2538	+4.5
General A	137000	13	+3.0
Leumi 0.1	34020	4372	+2.7
Fin. Trade	no trading		
Mortgage Banks			
Leumi Mort. r	5200	851	+5.7
Dev. Mort.	1030	2668	+8.4
Mishkan r	2310	1840	+10.0
Tefahot r	12990	30	–
Merav r	2018	b.o.1	+5.0
Financial Institutions			
Agric C	33681	10	+10.0
Ind. Dev. DD	no trading		
Clal Leasing 0.1	8211	52	+15.0
Insurance			
Ararat 0.1 r	4050	356	+8.4
Hassneh r	3005	8017	+5.3
Phoenix 0.1	1493	1577	+9.9
Hamishmar	6920	250	+6.1
Menorah 1	6350	153	–8.1
Sahar r	3716	229	+4.7
Zion Hold. 1	11705	64	+0.9
Trade & Services			
Meir Ezra	4700	399	+4.7
Supersol 2	no trading		
Delek r	4625	4353	+2.9
Lighterage	9700	81	–
Cold Storage	1291	797	+6.6
Dan Hotels	3885	351	+5.0
Yarden Hotel	2524	–	+5.0
Hilon 1	11727	37	–
Team 1	1706	1433	+10.0
Real Estate, Building and Agriculture			
Azorim	4210	1604	+2.7
Ellon	1250	1780	–
Africa Isr. 0.1	39000	177	+2.1
Dankner	4110	1334	–
Prop. & Bldg.	278	5207	+4.5
Bayside 0.1	400	225	+1.3
ILDC r	4430	817	+4.0
Rassco r	5000	466	+8.0
Mehadrin	11800	308	–
Hadarim	1160	8579	+3.6
Industrials			
Dubek b	3200	2231	+8.5
Pri-Ze 1	3095	2496	+2.8
Sunfrost	5380	408	+7.0
Elite	14960	1435	+10.0
Adgar	769	b.o.1	+5.1
Argaman r	7060	649	+3.2
Delta G 1	4630	1274	+4.5
Maquette 1	25300	48	+10.0
Eagle 1	11700	110	+4.7
Polgat 0.1	9070	1475	+3.4
Schoefferina	14850	174	+7.2
Rogosin	3300	1579	+8.0
Urdan 0.1 r	12400	464	–3.5
Is. Can Co. 1	1066	2353	+3.9
Zion Cables	2380	894	+6.4
Pecker Steel	5625	237	–
Elbit 3 r	438000	86	+4.0
Elron	330750	–	+5.0
Arit	34050	378	+4.8
Clal Electronics	3115	6498	+3.7
Spectronix 1	1905	3697	+5.5
T.A.T. 1	3993	783	–
Ackerstein 1	1500	1939	+3.8
Agan 5	18400	67	+5.4
Alliance	1417	–	+5.0
Dexter	3458	167	+5.5
Fertilisers	10449	b.o.1	+5.0
Haifa Chem.	922	8541	+7.2
Teva r	53850	387	+7.4
Dead Sea r	14300	4102	+2.9
Petrochem.	400	32474	+4.2
Neca Chem.	3400	54	+3.0
Frutarom	8000	36	+5.1
Hadera Paper	191000	159	+9.1
Central Trade	6665	827	+4.7
Koor p	5550000	0	–0.9
Clal Inds.	1532	14673	+2.4
Investment Companies			
IDB Dev. r	3843	10018	+8.8
Ellern	2825	2983	+5.6
Afik 1	620	5653	–
Gahelet	1550	330	+5.4
Israel Corp. 1	8202	367	–
Wolfson 1 r	52225	4	–5.0
Hapoalim Inv.	4700	1566	+5.6
Leumi Invest.	no trading		
Discount Invest.	2323	20780	+4.5
Mizrahi Invest.	11601	–	+5.0
Clal 10	2682	5274	+10.0
Landeco 0.1	7349	74	+1.4
Pama 0.1	9262	596	–
Oil Exploration			
Paz Oil Expl.	11900	170	–
J.O.E.L.	1274	3950	–10.0

Abbreviations:
s.o. sellers only **b bearer**
b.o. buyers only **r registered**

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A hot tip for advertisers —

The Jerusalem Post's Good Taste supplement hits the stand on March 25, aimed at presenting the cultivated lifestyle for which Post readers are distinguished. The supplement features "Getting Married," of special interest to newlyweds, their friends and families.

Make sure you reserve space for your ad in this special issue. Call Shosh Katz for more information, at 02-817085 or 551635.

DRIVE CAREFULLY

FINANCIAL DATA: ISRAEL, EUROPE, U.S.

Israel Money Markets March 9, 1986

SHEKEL INTEREST RATES
PRIME BORROWING RATE: 1.75% per month
Unlinked Deposit (Annual Rates)

	LAST UPDATED	TAPAS	PAKAM 7-DAY	PAKAM 30-DAY
LEUMI	9.3	6–15%	7–17%	6–15%
HAPOALIM	20.2	8–18%	13–17%	13–17%
DISCOUNT	28.2	8–17%	9–17%	10–17%
MIZRAHI	18.2	12–19%	12–20%	12–18%
FIRST INT'L	20.2	8–18%	8–18%	8–18%

Rates vary according to size of deposit.
(Tapas: demand deposit paying daily interest.
Pakam: fixed-term deposit available from 7 to 59 days.)

PATAH — FOREIGN CURRENCY DEPOSIT RATES (as of March 9)

	3–MONTHS	6–MONTHS	12–MONTHS
USD	7.000	7.000	7.125
STG	11.250	10.875	10.625
DMK	3.625	3.625	3.125
SFR	3.000	3.125	3.125
YEN	4.000	3.875	3.750

Rates vary according to size of deposit and are subject to change.

SHEKEL FOREIGN EXCHANGE RATES

COUNTRY	CURRENCY		CHEQUES AND TRANSACTIONS Purchase,	Sale	BANKNOTES Purchase,	Sale	BANK OF ISRAEL Representative Rates
U.S.A.	DOLLAR	1	1.4713	1.4897	1.45	1.52	1.4801
GREAT BRITAIN	STERLING	1	2.1294	2.1560	2.09	2.19	2.1458
GERMANY	MARK	1	0.6583	0.6665	0.65	0.68	0.6619
FRANCE	FRANC	1	0.2139	0.2165	0.21	0.22	0.2152
HOLLAND	GULDEN	1	0.5826	0.5899	0.57	0.60	0.5860
SWITZERLAND	FRANC	1	0.7768	0.7865	0.77	0.80	0.7814
SWEDEN	KRONA	1	0.2043	0.2068	0.20	0.21	0.2052
NORWAY	KRONE	1	0.2073	0.2099	0.20	0.21	0.2082
DENMARK	KRONE	1	0.1782	0.1804	0.18	0.19	0.1791
FINLAND	MARK	1	0.2868	0.2924	0.28	0.30	0.2904
CANADA	DOLLAR	1	1.0431	1.0562	1.03	1.08	1.0493
AUSTRALIA	DOLLAR	1	1.0321	1.0450	0.97	1.07	1.0388
SOUTH AFRICA	RAND	1	0.7386	0.7478	0.70	0.77	0.7430
BELGIUM	FRANC	10	0.3188	0.3228	0.31	0.33	0.3232
AUSTRIA	SCHILLING	10	0.9371	0.9489	0.92	0.97	0.9430
ITALY	LIRE	1000	0.9680	0.9801	0.95	1.01	0.9733
JAPAN	YEN	100	0.8188	0.8290	0.81	0.84	0.8237
JORDAN	DINAR	1	—	—	4.05	4.30	4.1073
EGYPT	POUND	1	—	—	0.80	0.85	0.8622

SUPPLIED BY BANK LEUMI

European Financial Markets

Precious Metals

GOLD:	LONDON	A.M. FIX	342.00	P.M. FIX	343.35
	PARIS	NOON FIX	344.38	ZURICH P.M.	343.42
SILVER:	LONDON	FIX	570.40		
PLATINUM:	LONDON	P.M.	404.25		
PALLADIUM:	LONDON	P.M.	107.00		

FOREIGN CURRENCY CROSS RATES (London 15.30GMT)
Forward Rates

	SPOT	3 MTHS	6 MTHS	12 MTHS
DEUTSCHE MARK	2.2280/00	123/118	182/177	350/340
POUND STERLING	1.4600/10	114/111	157/154	283/278
SWISS FRANC	1.8880/00	127/120	185/178	360/350
JAPANESE YEN	179.20/30	58/56	89/88	183/179
FRENCH FRANC	6.8950/50	750/800	1150/1225	1850/1950
ITALIAN LIRA	1521.25/25	3000/3125	4100/4250	7175/7375
DUTCH GULDEN	2.5310/30	91/88	132/129	262/254
BELGIAN FRANC	45.910/940	26/31	31/37	38/46
DANISH KRONE	8.2800/50	–15/35	–25/25	–50/50
S.AFRICAN RAND	0.5012/17	36/31	48/43	80/70
EUROPEAN CURR. UNIT	0.9605/10	39/35	54/48	75/65
FINNISH MARK	5.0985/05	230/270	330/380	600/700
AUSTRALIAN DOLLAR	0.7018/25	122/118	173/168	317/311
NORWEGIAN KRONE	7.1170/20	660/680	990/1010	1970/2010

Formula for determining forward rates:
high/low (eg. 220/210) — deduct from spot price.
low/high (eg. 210/220) — add to spot price.

New York Financial Markets

WALL STREET Closing Prices

Dow Jones Indices

IND	1,699.83	+ 3.23
TRANS	791.34	+2.33
UTILS	181.83	–0.36
NYSE COMP	130.38	+0.23
NASDAQ COMP	362.24	+0.74
S–P 100 INDEX	215.07	
S–P STOCKS	225.57	+0.44
AMEX INDEX	260.05	+1.19

NYSE Highest Volume

EAST KODAK	58	–1½
MCDERMOTT	18	–⅝
IBM	146	–¾
HUMANA	30⅜	–¾
CHEM NY	49½	+2
KAISER ALU	17½	+⅜
MOBIL	26⅝	–1⅜
HOSP CP AM	39¼	+½
MER LYNCH	42	–¾
WESTN AIR	12	+⅛

Statistics

NYSE	VOL. 163,230,000	STOCKS UP 869	DOWN	778
NASDAQ	VOL. 120,314,800	STOCKS UP 1192	DOWN	806

Comment

WALL STREET STOCKS CLOSE HIGHER. – Stocks moved higher in active trading after profit-taking on lower interest rates died out.

Traders said the tendency to sell on "good news" was apparent early in the session. The Fed lowered the discount rate to 7% and banks lowered prime rates 9%.

The Dow Jones Industrial Average was up six points to 1703 after a new push over 1700 but the gains were not held and the index closed fractionally below the 1700 mark. Advances led declines by an eight-seven margin on turnover of 163 MLN shares.

ISRAELI STOCKS Traded in New York:

NYSE and ASE

	Last	Prev. Close	High	Low	Vol ('00s)
Alliance	1⅝	1¾	1¾	1⅝	3
Am Isr Pap	11¼	11⅛	11¼	11⅛	29
Ampal	2½	2⅜	2½	2⅜	44
Elscint	3⅜	3½	3½	3¼	262
Etz Lavud	12¾	12⅝	13	12½	40
Laser Inds	14¼	14½	14½	14	209

Over the counter

	last	bid	ask		last	bid	ask
Bank Leumi	–	20½	20½	Interpharm	–	4¼	4¾
Elbit	8⅛	8	8¼	Optrotech	10⅞	10¼	11
ECI Tel.	8¼	6⅝	8¾	Rada	–	10¼	10⅝
Elron	7¼	7¼	7½	Scitex	8½	8	8½
Fibronics	14⅛	13¾	14⅛	Taro-vit	–	3⅛	3½
IDB Bank	–	47	51	Tevapharm	–	3⅞	4⅛
IIS	4¾	4¾	5	SPI	6¾	6¾	7⅛

U.S. Money Rates

Prime 9.50%; Broker 8.50%; NY Euros 3 months. 7⅝% to 7⅛%; Fed Funds last 7.25%

New York Foreign Exchange

	DMK	SFR	STG	YEN	CAN
YESTERDAY'S CLOSING	2.2430/45	1.8940/60	1.4400/20	179.50/60	1.4120/30
OPENING	2.2395/10	1.8930/50	1.4510/20	179.30/40	1.4125/35
LATEST	2.2360/70	1.8930/50	1.4530/40	179.20/30	1.4025/35

Comment

DOLLAR CLOSES WEAKER IN NEW YORK. – The dollar closed weaker, undermined by a 0.6% rise in U.S. February unemployment to 7.3%. The figure indicated the economy may not be as strong this year as many thought. The half-point U.S. discount rate cut to 7% was neutralized by matching reductions in West Germany and in Japan.

Overseas financial data – from Reuters exclusively to *The Jerusalem Post*.

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Assad's sabre-rattling

EVER SINCE Yom Kippur thirteen years ago, few Israelis would take open Arab war threats lightly – even when they are uttered by a Muammar Gaddafi, "a certified madman" according to the late Anwar Sadat, let alone when made by someone like Hafez Assad, by all odds the shrewdest political operator in the area.

Emboldened by what he viewed as a "popular uprising" against President Hosni Mubarak's adherence to the Camp David accords late last month, the Syrian president has during the past two weeks come out twice with what amounted to a call on fellow Arabs to ready for war on Israel. First, opening the new Syrian parliament on February 27, he appealed to Mr. Mubarak to prove himself "a great Egyptian and an Arab hero" by tearing up the agreements with this country.

He also vowed to retake the Golan – should Israel annex it, meaning splatter it all with Jewish settlements – and to make it the centre, and not as it was before the periphery, of Syria. It was years since so blatant a threat to Israel's very survival had been issued by the Syrian head of state, nor so plain an indication of the Golan's centrality in Syrian thinking.

Last Saturday, in a rally in Damascus, Hafez Assad went more than a step further. Charging the "Zionist enemy" that it was arming itself to the teeth, despite severe economic difficulties, in order to establish – that hoary old lie again – a Greater Israel stretching from the Nile to the Euphrates, he pledged an unrelenting Syrian effort to achieve strategic parity with Israel. And while his foreign minister was busy reassuring the Austrian government in Vienna that Syria was innocent of supporting Palestinian terrorism, he was bragging that the Syrian army served as a school for suicide bombers.

It was a strange, even puzzling, performance by a man renowned for his expertise in brinkmanship.

The tenor of both addresses was one of cautious braggadocio. Hafez Assad doubtless has reasons to feel confident these days. Despite Amin Jemayel's obstreperousness, he has Lebanon in tow. His Iranian allies are holding their own against the hated Iraqis. King Hussein is courting him assiduously, in the hope of obtaining a Syrian umbrella for Jordan's diplomacy. His own favourite Palestinian goons are terrorizing the West Bank from their refuge in Damascus. And the Egyptian opposition, although much too fundamentalist to his liking, is indirectly lending him support.

Moreover, perusal of the Mideast military balance sheet made public by the Tel Aviv University's Jaffee Center cannot but reassure him – which is hardly news for him – that in strict gun-for-gun, tank-for-tank terms Syria has already, with massive Soviet aid, won more than parity with Israel.

That knowledge does not, however, satisfy Hafez Assad. He is well aware, and so told his countrymen, that genuine strategic parity is not merely a matter of weapons and soldiers, but encompasses all areas of life. In that sense, he is far from having achieved his goal. And he is also plainly wary of going to war alone, especially without Egypt. That Egypt, eager as it is to continue its present relationship with the U.S., would not join him in a fresh military enterprise, was made crystal clear by Mr. Mubarak in a speech to his parliament on Saturday.

All this is not a guarantee of President Assad's avoiding a surprise war if at some moment he considers it opportune, even before the hoped-for advent of full strategic balance. The Syrian leader will not be deterred from taking such belligerent initiative by learning from Premier Shimon Peres that "the defender has a moral and motivational advantage" in war. Nor is he likely to be scared by Vice Premier Yitzhak Shamir conjuring the fate of Hitler and Eichmann before his eyes.

What might give him pause is a plain warning that, while Israel still considers the Golan negotiable, despite the Golan Law, if he initiates war it could end in a huge surprise for Syria itself.

HERUT CONVENTION

(Continued from Page One)

Minister Peres, who brought the government's greetings, by Minister-without-Portfolio Ezer Weizman, a former Likud defence minister who was cast out of the party by Begin in 1979, and by representatives of other parties.

Before the speeches, the delegates watched a march past by Betar youths carrying national flags and placards naming the new settlements in the territories set up under successive Likud governments.

A sound and light show on Herut's history followed.

Shamir, in the previous main address, asserted that those who "abandon the Camp David agreements invite pressure to conduct talks with the terrorist organizations and prepare the way for an Arab-Palestinian-PLO state in the Land of Israel."

This, he said would be "a bridgehead that will threaten us, a terrorist state that will stretch from the suburbs of Jerusalem to the Jezreel Valley in the north and the Hebron Hills in the south.

"This option does not exist and will not exist... It does not exist, whether it is called the Jordanian option or the Palestinian option or the PLO option."

Shamir attacked the presence of PLO "headquarters" in Amman, saying they "contributed to the increase of terrorism." "This is the contribution of 'moderate' Jordan to terrorism," he said.

Shamir said that, in agreeing to the national unity government, his party had made only "temporary and tactical" concessions on the assumption that "no Arab state would propose compromises acceptable even to part of the Labour Party."

Shamir attacked those who were trying to "create bad blood between the saviours of the Land of Israel and the builders-sons of the development towns." He was referring to the charge by Labour and others that the Likud had spent large amounts on settlements in the territories at the expense of the delevopment towns.

He said the convention delegates would have to overcome "the internal divisions" and concentrate on finding solutions to major problems such as aliya from the Soviet Union, Syria, Iran and Ethiopia; the fight against Arab terrorism; increasing the Jewish population in the territories; and the fight against unemployment.

Former finance minister Aridor set a partisan tone when he warned the Alignment against breaking the rotation agreement "out of a complex that it owned the people."

He praised the Likud's achievements, which, he said, included ridding the country of "the second Israel" by "doing well by the people."

President Chaim Herzog sent greetings to Begin, who, he said, had the honour of being the first and only Israeli premier to have reached a peace agreement with an Arab country.

Herzog praised the peace treaty with Egypt, noting that no Israeli soldier has died on the Egyptian border since 1977.

He praised the work of the national unity government and warned of the "grave danger" of religious-secular divisions in society.

He cited Jabotinsky, Herut's founder-ideologist, on the need to have national unity and to grant equal rights and fair treatment to the Arabs living in Israel.

Prime Minister Peres spoke of the problems of the national unity government, but said he hoped it would continue. He compared it to Adam and Eve in the Garden of Eden – where neither of them could do without the other and where neither had an alternative partner.

Peres said once again that the PLO was responsible for torpedoing the recent peace efforts with Jordan, and asserted that "we offered to talk wih the Jordanians and the Palestinians who were not members of the PLO."

Representatives of the various parties – the NRP (Religious Affairs Minister Yosef Burg), Morasha (Minister-without-Portfolio Yosef Shapira), Agudat Yisrael (MK Avraham Shapira), Shas (Interior Minister Yitzhak Peretz), and Tehiya (MK Yuval Ne'man) – then conveyed greetings to the convention.

The Ashkenazi Chief Rabbi Avraham Shapiro said that "the unity of the people and the integrity of the Land (*shlemut ha'aretz*) are matters of Tora and truth." This was greeted with loud applause.

The Jewish Agency chairman, Aryeh Dulzin, bringing greetings from the World Zionist Organization, was met with booing. Dulzin recently defected from Likud to join the new Liberal Centre Party.

Gorbachev's changes

Mikhail Agursky examines the possible consequences of the 27th congress of the Soviet Communist Party

THE TERM "post-ideology," in circulation for a long time, might be applied to the congress of the Communist Party of the Soviet Union, which has just ended in Moscow. The main preoccupation of party leaders was to do something about the Soviet Union's stagnating economy.

The USSR has not fulfilled its ambition of becoming the economic stronghold of its own empire. In addition, the standard of living of its citizens is desperately behind that of the West and the gap is widening. Some people in the West think that there has been a considerable increase recently in the Soviet standard of living.

This may be true but Soviet citizens measure their standard of living not by comparing it to the post-war period of near starvation but by Western standards, through observing Western tourists, Western movies, and reading Western literature translated into Russian, through information which they get from their friends who visit the West and though rumours of a dramatic jump in the standard of living of those who emigrated from the USSR. The USSR cannot afford such a big and increasing gap since it endangers the stability of Soviet society, especially in view of Chinese economic success.

Therefore, the Soviet leadership's primary and overriding objective is to increase the Soviet GNP and direct this increase to consumption. Soviet leaders hope to double the GNP by the year 2000. However no managerial reforms are envisioned since such reforms might endanger Soviet political stability. It is feared that economic decentralization would lead to national separatism. The USSR cannot afford to do what, for example, monolithic Hungary can in its economy since Hungary has no national territorial units which might take advantage of economic decentralization.

It seems that Soviet leaders hope to secure economic growth by increasing economic efficiency within the existing managerial framework, and by restructuring the Soviet economy so as to release for consumption resources formerly directed to the military-industrial complex.

THIS CAN be accomplished only if the Soviet-American confrontation can somehow be toned down. Soviet foreign policy will thus be a major factor in its domestic economic plans.

Gorbachev, by completely dropping the declaratory objective of achieving communism in his concluding speech, made it post-ideological. Communism was dropped from official slogans as the main target of Soviet society even before the congress.

The problem for the USSR is not so much detente à la Kissinger but simply maintaining the status quo, with no further worsening of Soviet-American relations, which would lead to a further deterioration of the Soviet economy.

Soviet economic progress is impossible if the USSR does not change its aggressive irresponsible behaviour in the Third World, its political and military support of international terrorism, and its destructive involvement in various local conflicts including the Arab-Israeli conflict. However Soviet international behaviour is defined by the International Department of the Party central committee. The head of this department, Boris Ponomarev, had managed, during his 35-40 years of service in this post to build his own, highly independent, personal empire in international communist and radical organizations. His network was extremely powerful and even competitive with the KGB. Virtually uncontrolled outside the USSR, Ponomarev could torpedo any political move by the Soviet government by arranging a dramatic terrorist act or by encouraging his political clients abroad to escalate tension in this or that area.

PONOMAREV had a reputation as a most sinister Soviet politician who would resort to any ruthless act in order to attain personal goals. For a long time, this meant a continuation of Soviet world expansion and the aggravation of world tension.

This is a key factor in understanding why it was so difficult to oust him from office since he probably blackmailed his rivals by threatening troubles abroad if his personal position was endangered.

A month after Khrushchev was ousted in October 1964, an anonymous letter was smuggled out of the USSR, definitely from a party insider, who called Ponomarev a contemporary Communist Machiavelli. The letter said that he is "a terrifying personality", " a brilliant master of the cloak and dagger" who used "slander and denunciations" against all his rivals. This letter was printed in a Russian-language newspaper in Paris in December 1964.

Ponomarev was characterized in a like manner by former Israeli Communist Party secretary general Samuel Mikunis in his Russian-language memoirs published in 1979 in Israel.

According to Mikunis, Ponomarev had a unique ability to impose his opinions of Soviet leaders and was an unsurpassed master of political intrigue. He was also an extremely insincere and deceitful man.

In 1952 Mikunis said, Ponomarev influenced a leading Arab Israeli Communist to submit a complaint, in the name of the Israel Communist Party, against Czechoslovakian support of Israel in 1948. Ponomarev told Mikunis that he supported the Jewish fight for their national cause while, at the same time, telling Israeli-Arab comrades that he was on the Arab side. It was Ponomarev, according to Mikunis, who encouraged the split in the Israel Communist party in 1965.

Ponomarev was always the senior Soviet protector of all Arab extremists. It was he who adopted not only Arafat but Habash and Hawatmeh. He also launched the Soviet-Libyan rapprochement. In the '60s, his people took over all intelligence networks in Soviet embassies, according to Soviet KGB defectors.

He masterminded the Soviet anti-Zionist campaign from the very beginning. The first comprehensive anti-Zionist book was compiled in 1969 by Yuri Ivanov, a senior official of his department who supervised the Israel Communist Party. Evgeny Evseev, who in 1971 made the notorious equation that Zionism equals facism was his nephew and an official of Ponomarev's Prague-centred body of international communism.

Certainly he had many anti-Semitic allies but he was the main brain behind the Soviet anti-Zionist campaign.

His rivalry with Andrei Gromyko is well-known and documented especially in Arkady Shchevchenko's memoirs.

When Ponomarev wanted to impose anti-Israeli policy on the Soviet foreign ministry against its will, he initiated it through his Arab or Third World clients in international forums, forcing Gromyko's men into a corner. The most infamous example was the 1975 resolution equating Zionism with racism which was prepared by his department.

APPARENTLY Ponomarev was ousted as a result of a very sophisticated intrigue whose main feature was ostensibly to guarantee his political survival after the party congress. It may be that Gorbachev adopted Ponomarev's foreign policy line toward the Third world, just on the eve of the congress, only to lull him into a false sense of security. What especially stood out in this regard was the sudden, unprecedented, unreserved Soviet support of Libya.

In spite of his advanced age, Ponomarev was extremely active and only a day before the closing session, he received a Third World Communist party delegation which apparently guaranteed his reflection the following day.

It is also possible that the strange wave of terrorist actions on the eve of and during the Congress was somehow connected with the Ponomarev's struggle for political survival. In this connection, more digging needs to be done into the circumstances surrounding Olof Palme's assassination.

Ponomarev was ousted at the last minute and in circumstances pointing to a big KGB involvement.

His exit cannot be explained by his advanced age since Anatoly Dobrynin was elected a party secretary and seems to be a natural Ponomarev successor. Indeed Dobrynin belongs to the opposite Soviet political coalition. He has been a Gromyko man for a long time and symbolizes the tough but pragmatic Soviet line toward the West which opposes exacerbating Soviet-American tensions.

Nobody from Ponomarev's department was appointed in his place and his first deputy Vadim Zagladin apparently deserted him some time ago. Dobrynin will have a difficult job in trying to control Ponomarev's former international empire. He will be able to do it only with KGB support. Therefore, it seems that its chairman, Victor Chebrikov, is a big winner in Ponomarev's fall.

But the situation is far from being clear. It may be that the USSR created a Golem which got out of control. Chebrikov and Dobrynin will not be able to control it and eventually Dobrynin may resort to a policy like Ponomarev's.

What is more alarming is the various circles in the West which are not interested in any change in Soviet policy. There is de facto, full-fledged, albeit unwitting, cooperation between Soviet and Western political extremists. We can witness this sinister cooperation even in Israel. Every member of this "Extremist International" is well aware of the fact that it will survive politically if its counterpart survives as well.

The writer is a member of the Soviet and Eastern European Research Centre at the Hebrew University.

Dry Bones



Hussein and the hippos

TEDDY ARNOLD

LAKE Victoria Nyanza is big enough to have tides.

According to Gerald Durrell, a reliable source, the natives living around the lake know exactly what causes the tides: it is the vast number of hippos getting in and out.

Peace is a good thing for the Kingdom of Jordan, and an even better thing for its king – everybody is in agreement about that. And everybody in our government, the U.S. government, *The New York Times* and *The Jerusalem Post* agrees on another simple truth: if King Hussein wants to fashion this peace, he had better sit down with the Israelis now, while Peres is still prime minister. What's more, everybody on the scene has told King Hussein so. There is simply no viable logical argument against this thesis.

Why, then, is the king moving firmly in the opposite direction?

It cannot be to exact more concessions: Peres has already given in on practically everything, including an "international umbrella" – read negotiating with the Russians. Having achieved that, Hussein tells the world there will have to be a "long hiatus" – meaning: not while I live.

Why, why, why?

Analysts in and out of governments are racking their brains for a solution to the riddle. Even well-informed and knowledgeable Hirsh Goodman ("It All Depends on Hussein," *The Jerusalem Post*, February 14, 1986), like all the others, has no answer. This is because he presupposes that it is King Hussein's first priority to form and execute a policy.

Not so.

King Hussein's first priority, like that of any other Arab leader, is to survive.

THE KING is a charming and mundane man. He will talk with Thatcher, Reagan, Peres or anybody who is anybody in the game about autonomy, Palestinian rights, border corrections and what-have-you. But these are mere intellectual exercises, indulged in to keep everybody happy and get more U.S. aid. Whenever something tangible, such as a conference, comes up, the king is shocked at his partner's bad manners: the minuet figures cease, and there is a frightened jump back.

Assassination is an occupational risk among Arab rulers. Risk becomes a certainty when action is decided on by any of the five or more Palestinian terrorist organizations. This sounds absurd when one considers that all these organizations, singly or together, are military nonentities and cannot put an organized brigade in the field. It is nevertheless a certainty, because assassinations are carried out successfully by very few people without the help of any military organization whatsoever.

Hussein has learned too much. Take Sadat. To say that he was the most successful politician of the century is probably an understatement. Neither Mussolini nor Hitler, no green hands at the game either, managed to survive the loss of a major war. Sadat not only survived but went to Jerusalem and dictated a victor's peace, a feat unequalled in recorded history. Did it avail him? We all know what happened to him. He was killed not because he made an advantageous peace with Israel, but because he made any peace at all.

His successor's continued existence depends on his ability to persuade five (or more) terrorist organization heads that he has inherited a bad situation and is doing his best to correct it.

It is obvious from the above that Jordanian, or Egyptian, or any Arab policy is not a function of what the Arabs consider good for the Arabs: the vast majority of the citizens of Jordan, Egypt and even Syria and Iraq could be convinced that peace is preferable to war, and the policy would not change: minuet steps and jump, minuet steps and jump. Every step in the minuet must be checked and counter-checked with all the little warlords of Arab terrorism. The threat is much too real. No one can say: I am safe.

Thus, the terrorists do not have the power of decision, because they are militarily powerless. But they have the power of veto: nothing moves without them.

Facts do not go away because we do not like them.

It is not the hippos that cause the tides of Victoria Nyanza.

READERS' LETTERS

JERUSALEM HISTORY

To the Editor of The Jerusalem Post

Sir, – In his article, "The very model" (Magazine of February 28), Abraham Rabinovich states that "there had been no foreign diplomats in the city until the British consulate opened in 1838." This assertion, based apparently on Hyamson's book *The British Consulate in Jerusalem* seems historically incorrect.

In a lecture, delivered in 1947 before the Middle-East Society, Mr. Neuville, then French Consul-General in Jerusalem, mentions three French consuls in Jerusalem, in the 17th and 18th centuries; Jean Lempereur, appointed by King Louis XIII, posted in Jerusalem from December 1623 till January 1625; Sebastian de Brémond, who stayed for a short period in 1700, and Jean de Blacas, who stayed only for a few months in 1713. It is true that the British consulate was the first to open in Jerusalem in the 19th century followed by the French consulate in 1843.

This seems a minor point, but nothing related to the history of Jerusalem is devoid of interest.

DAVID ERDSTEIN

Haifa.

"GRANNY" FROM NEW ZEALAND

To the Editor of The Jerusalem Post

Sir, – Your correspondent, Helga Dudman, should investigate local cottage industries before promoting a "Granny" from the U.S. Her article of February 28 describing the "Granny" who spins dogs' hair is old hat. You don't have to pay all that travel tax to experience that phenomenon!

My wife, Eve, who is a "Granny" and a master-spinner from New Zealand, has been spinning and knitting dogs' combings for many years. She proudly wears a sweater, weighing only 250 grams, made from the brushings from a Samoyed dog and on her spinning wheel she has spun many kilograms of exotic fibres into knitting yarn.

SYD SILVER

Ashkelon.

SOUTHERN CALIFORNIANS

To the Editor of The Jerusalem Post

Sir, – Yohanan Boehm, in his fine article of February 7, refers to Andre Previn as an Angelito. The correct descriptive word for residents of Los Angeles is Angeleno.

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Beersheba, Hador Furniture, Rasco arcade.
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